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AUSTRALIA

BRIEFS

MACQUARIE ISLAND SURVEYED--The continental shelf around one of Australia's Antarctic territories, MacQuarie Island, is to be surveyed during the present summer. The Canberra announcement today said a team from the division of National Mapping would leave Hobart, Tasmania, for MacQuarie Island on 14 January on the survey mission. MacQuarie Island is about 1,500 kilometers south of Hobart. The team will be away nearly 3 weeks. A spokesman for the Department of National Development and Energy said the information gathered would help in assessing the resources of the surrounding continental shelf and would determine more accurately the position of several small outlying islands. [Text] [BK311312 Melbourne Overseas Service in English 1230 GMT 31 Dec 81]

CSO: 4220/169

PAPER REPORTS MILITARY AID TO DACCA, U.S. PLANS

BK051535 Calcutta ANANDA BAZAR PATRIKA in Bengali 25 Nov 81 p 1

[Text] Arrangements are almost complete for the construction of a U.S. naval base at Manpura, an island about 30 miles south of the Bangladesh port of Chittagong in the Bay of Bengal, according to a reliable source.

Diego Garcia in the Indian Ocean has already turned out to be a strong U.S. naval base. For a long time, the United States has been trying to build another base in the vicinity of the subcontinent. When he was alive, President Ziaur Rahman had offered St Martin's Islands off Cox's Bazar to the United States in exchange for liberal U.S. generosity. After visiting these islands the commander of the Pacific Fleet and some Pentagon experts were unhappy over the shallowness of the harbors which would prevent them sheltering large war vessels and suggested that the islands be used for communications installations.

Then the Bangladesh Government proposed to lease the Manpura Islands which lie off St Martin's and are reported to be more suitable. Pentagon experts have surveyed the islands and, if they like them, a lease will be drawn up.

The Bangladesh Government has arranged to import a huge amount of arms and equipment from the PRC in order to strengthen its armed forces. Informed quarters say that a ship from the PRC laden with arms, light tanks, armored vehicles and so on anchored at Chittagong on the eve of the recent presidential elections.

Bangladesh now has five divisions of troops, two of which divisions consist of four brigades each. The Navy has 4 frigates and 12 gunboats. One of these frigates was donated by India and the other by the PRC while the remaining two were acquired from other countries. About a dozen MiG-19's will soon arrive in Bangladesh from the PRC for use by the Bangladesh Air Force. This will bring the number of fighter aircraft to 40. Eight of these aircraft which were earlier supplied by the Soviet Union have become obsolete due to a scarcity of spare parts. The total number of soldiers in the Bangladesh Army is about 80,000.

CSO: 4220/7435

BRIEFS

JAPANESE AID--Tokyo, 27 Nov (KYODO)--Japan has extended an aid in grant totaling yen 300 million to Bhutan for mechanization of agriculture, the Foreign Ministry announced Friday. Diplomatic notes to this effect were exchanged the same day in New Delhi by Japanese Ambassador Eikichi Hara, and Dr T. Zobjyel, Bhutan's ambassador to India. Japan has already extended to Bhutan technical cooperation for agricultural development but this is the first instance of aid in grant for that country, officials said. [Text] [OW291413 Tokyo KYODO in English 0932 GMT 27 Nov 81]

CSO: 4220/172

PEOPLE'S ARMY, KIA CONDUCT JOINT OPERATION

BK250930 (Clandestine) Voice of the People of Burma in Burmese to Burma 0030 GMT
25 Dec 81

[Text] The people's army and the Kachin Independence Army [KIA] jointly attacked and overran the (Pinsay) camp:

About 30 miles southeast of Bhamo is a camp known as (Pinsay) camp. The 2d company of the military government's mercenary 55th infantry regiment is stationed there to keep a watch on nearby ? . In the early hours of 3 December, the people's army and the KIA, in a concerted action, attacked and overran the military government's mercenary army camp.

In this battle, 14 enemy soldiers were killed and 17 others, including the company commander and a mercenary officer, were taken prisoner. One pistol, 5 carbines, 5 G-3's, 4 G-4's, 9 G-2's, 2 submachineguns, 1 90-mm bazooka, 1 M-79 collapsible mortar, 1 mortar, 1 signal gun--a total of 30 assorted firearms--27 landmines, 3 detonating mines, 44 assorted mortar shells, 84 grenades, 9 crates of bazooka shells, more than 10,000 rounds of assorted ammunition, 1 telegraphic transmitter and other war materiel were captured.

On the same day, the mercenaries from (Gyaiteik) who had come to reinforce the (Pinsay) camp were ambushed on the way. Ten enemy soldiers were killed or wounded while another was taken prisoner. One G-2 was also captured from the enemy. At the same time, the (Gyaiteik) enemy camp on Bhamo-namhkan was also attacked. Two more enemy soldiers were killed in the attack.

The victory of the people's army and the KIA in attacking the (Pinsay) camp has made the people in the nearby areas very happy.

CSO: 4211/8

BRIEFS

PEOPLE'S ARMY ATTACKS--Combat news from eastern Keng Tung region: On 2 December, the people's militias attacked the military government's mercenaries who entered (Mong Hkak) on an offensive. The attack killed two enemy soldiers and wounded five. On 4 December, an attack conducted by a unit of the people's army between (Tale) and (Nwe Kyunt) killed 3 enemy soldiers and wounded 11 and nearly 1,800 rounds of assorted ammunition including handgrenades, mortar shells and military equipment were seized from the enemy. On 7 December, mine and guerrilla attacks launched by small units of the people's army near (Kaw Nan Kant), east of Keng Tung, killed four enemy soldiers and wounded two. [Text] [BK181319 (Clandestine) Voice of the People of Burma in Burmese to Burma 0030 GMT 18 Dec 81]

CSO: 4211/8

PRESS COMMENTS ON SINO-INDIAN RAPPROCHEMENT

'TIMES OF INDIA' Comment

BK221643 Bombay THE TIMES OF INDIA in English 18 Dec 81 p 8

[Article by A.S. Abraham: "Toward a Rapprochement; Limits to Sino-Indian Amity"]

[Text] The best thing that can be said about the India-China talks in Beijing is that they took place. After some two decades of a frozen and mutual, if inactive, animosity, a thawing of the ice is no small matter. For some time, there have been signs that such a thaw was in the making. One of them was the Chinese foreign minister, Mr Huang Hua's reconciliatory visit to this country in June. Another was the meeting between Mrs Gandhi and the Chinese prime minister, Mr Zhao Ziyang, at the North-South summit in Cancun, Mexico, in October. A third was an exploratory visit to Beijing last year by Mr Eric Gonsalves, who led the Indian delegation to the Chinese capital. Such contacts have prepared the ground for the present formal bilateral parleys covering a range of trade, economic and cultural matters, but, significantly, not excluding the main bone of contention between the two countries, the long-standing border dispute.

Initially, India had rejected the Chinese line that talks should proceed on other, non-contentious matters in order to generate mutual goodwill which would make it easier subsequently to tackle the border question. It had maintained that this was to put the cart before the horse. The most difficult issue should be taken up first and, once some progress in resolving it had been made, others of less political consequence could be taken in hand.

Without compromising its basic position, India modified its stand so as to make the present negotiations possible. It agreed to take up more congenial matters for discussion, but on the clear understanding that full normalisation of Sino-Indian ties could never occur unless the border dispute was satisfactorily settled. At the Beijing talks, the most important outstanding issue between the two countries was deliberately downplayed, while trade and cultural matters were highlighted. The border question was neither excluded from the discussions nor allowed to dominate them. It was a good via media.

While Sino-Indian relations are once more on the upswing, there are factors beyond the immediate bilateral issues which will determine the pace and nature

of the rapprochement between them. These factors arise from the wider global and regional geopolitical stances which the two countries take. Even now, the desire to make a serious bid to improve relations between them and to tackle, bit by bit, a two-decades-old dispute that has soured their relations is influenced by these larger considerations.

China's principal foreign-policy concern, as its present leaders see it, is to weaken the Soviet Union which it perceives as a threat to its security. Towards this end, it has lined up behind the Americans and is especially delighted that, with the advent of the Reagan administration, East-West detente has been all but rolled back. At the same time, the present Chinese leadership has set about dismantling the Maoist-gang-of-four framework of China's development and building one in its place that strengthens its overall links with the U.S. while weakening its once near-fanatical ideological commitment to communism.

But China's drift towards the U.S. and away from its Maoist ideological heritage has lost it friends and leverage in the Third World. While it may continue to criticise Western, specifically American, policies in West Asia, Central America or Africa, it does so mutedly and ritualistically. Its invasion of Vietnam and its support for and arming of the Khmer Rouge in their struggle against the Vietnamese-backed Heng Samrin regime, despite the brutalities the Khmer Rouge perpetrated when they held Kampuchea in thrall, have not exactly burnished China's image in Third-World eyes. On Afghanistan as well, it has viewed the Soviet intervention there in the same oversimplified perspective as the Americans, again because of its single-minded hostility to the Russians.

For China, better relations with India, which cannot be accomplished without first resuming contact and then tackling the border issue in a graduated manner, are important not only in themselves but also as a means of countering Soviet influence in South Asia. As the Chinese see it, relations between India, the dominant subcontinental power, and the U.S. have hit a new low. Relations between India and Pakistan, the only other country in South Asia of some political and military consequence, are also strained, largely because India fears the consequences for its own security of the U.S. making Pakistan an important partner in its post-Afghanistan, anti-Soviet strategy for South and South-West Asia, including the oil-rich Gulf region on which the Americans fear the Soviets will one day descend, thus getting the oil-hungry West by the jugular. This, to the Chinese, unfortunate set of circumstances leaves the field virtually open to the Soviets to try and bind India more closely to themselves by exploiting its security apprehensions. A Sino-Indian rapprochement, leading to a detente and then an entente would allow a source of influence other than the Soviets and contrary to theirs to operate on the South Asian region's foremost power.

A further gain, in the Chinese calculation, would be an improvement in China's credibility as a Third-World state in Third-World eyes. It knows that on Afghanistan, India does not see eye to eye with the Islamic world. It also knows that on Kampuchea, India's stand is at variance with that of Third-World states belonging to the Association of Southeast Asian Nations (ASEAN) and of others who think like them. Nevertheless, it acknowledges that India remains a leading Third-World country and a pace-setter for the non-aligned. To continue to have

poor relations with India at the same time as drawing closer to the U.S. would put the Chinese in a much worse light, as far as the Third World is concerned, than is already the case. If they must rule out (at least for the foreseeable future) any Sino-Soviet rapprochement, they can work for a Sino-Indian one and derive the political and diplomatic benefits of doing so.

While India can have no reason to dissuade the Chinese from seeking to mend fences with this country, it has to protect its interests as much as the Chinese wish to advance theirs. Although it is a nonaligned country, India is widely perceived in the West, especially in the U.S., as "tilting" towards the Soviet Union. The deterioration in Indo-U.S. relations is cited as evidence of this. Yet, it is American policy in the subcontinent which, by ignoring Indian security apprehensions and by belittling legitimate Indian claims to subcontinental primacy, is the root-cause of the current Indo-U.S. estrangement. The U.S. itself is doing all it can to hem India in and limit its room for diplomatic manoeuvre. Having all but pushed India into a corner, it then accuses New Delhi of "tilting" towards the Soviets!

It is in India's interest to extend the scope for such manoeuvre and a Sino-Indian rapprochement would do much to accomplish that. It would demonstrate that India's regional role and foreign-policy premises do not rule out accommodations with those states which have a very different world-view and with which it has had a chequered, often unpleasant, relationship. It would show, as Indian initiatives in effecting better ties with Bangladesh, Sri Lanka and Nepal underscore, that India's prime interest is in subcontinental stability and harmony as the surest way of countering superpower pressures on regional states to take sides in the Cold War, pressures that are often, as now in the Indo-U.S.-Pakistan case, the source of rather than the solution to intraregional conflicts.

But even as it seeks to widen the room for political manoeuvre, India does not have to undo what years of patient diplomacy have achieved. The Chinese may be interested in improving relations with India because, among other reasons, they wish to checkmate the Soviets. The challenge for Indian diplomacy is to help the process of Sino-Indian reconciliation along without in any way antagonising the Soviets or jeopardising Indo-Soviet ties. The Chinese may see the two as linked; India does not, and does not have to. A Sino-Indian rapprochement will not reduce the threat to Indian security and the challenge to Indian subcontinental primacy that a Pakistan militarily and politically backed by an aggressive U.S. may be seen to pose. So long as the U.S. shows scant regard for Indian interests and sensitivities, so long India will be unable to keep Cold War politics out of the region.

A Sino-Indian reconciliation may have a beneficial influence on Indo-Pakistan relations to the extent that China has some leverage over Pakistan, since both of them are on the U.S. side in the superpower contest. But the Chinese are likely to be as circumspect about jeopardising their ties with Pakistan in their search for a rapprochement with India as India, while responding to the Chinese moves, must be in relation to the Soviets.

It would be realistic for both sides to acknowledge the limits to the amity they can achieve. Their regional and global perspectives are different, their interests are not identical, the history of their relationship over the last 20 years, which has conditioned where and how they stand today, cannot be wiped out, and their apprehensions about who or what threatens their security and how these threats should be faced vary vastly. Within these constraints, a Sino-Indian rapprochement would benefit both countries a great deal and, since they are such major nations in terms of population, size and potential, the world as well.

'PATRIOT' Editorial

BK221217 New Delhi PATRIOT in English 16 Dec 81 p 2

[Editorial: "Beijing Dialogue"]

[Text] The Beijing talks between Indian and Chinese officials ended as they were expected to--both sides agreeing to resume the talks later. The differences on the boundary question remained as wide as before if the cryptic remarks made by an Indian Embassy spokesman are resolved into a meaningful statement. The spokesman is reported to have informed a news agency that the exchange of views brought out the extent to which the differences remained. This seemed to convey a suggestion that a change had taken place, but when asked to elaborate the extent of differences, the spokesman coolly said that they were well known. If it is so then the idea of the extent of "remaining" differences is a misleading diplomatic affectation. It is not that we expected any progress in the effort to resolve the dispute. When the decision to hold talks was taken in June this year during the visit of Chinese Foreign Minister Huang Hua to Delhi, both sides knew that they had little in common except the desire to seek normalisation of relations. There was no sign of change in the conflicting Indian and Chinese positions in any of the sectors. The much publicised package deal that Mr Huang Hua was believed to have brought with him last summer was never unwrapped for public view. It was, however, known that the package contained the stale and rejected offer of Chinese recognition of the McMahon Line in the northeast sector in return for India's recognition of the Chinese possession of Aksai Chin as valid. Beyond this there has been no speculation about the package except, of course, a wild rumour about a proposed barter of Chumbi Valley with Aksai Chin. In brief, China has not showed so far any intention of changing the existing lines of control on the boundaries between the two countries.

What remains a positive gain is Foreign Minister Huang Hua's admission that the process of normalisation hinges on the solution of the boundary question. And the solution cannot be found without a radical and constructive change in Beijing's position on territorial disputes. Mao Zedong and his successors claim as their own what the Chinese emperors subjugated and made part of their empire and dispute the validity of treaties which other imperialist powers signed with Beijing. The assumption is that these should be considered as unequal treaties. Curiously, they consider at the same time their own emperors' expansion as valid and "equal." It is in pursuit of this logic that they occupied the Paracel Islands which belonged to Vietnam. This takes us to the political problems that

have created strains between India and China and which play no mean part in retarding the process of normalisation. Beijing patronises Gen Ziaul Haq of Pakistan with as little reservation as the United States. The latter gives massive arms aid because it is in a position to do so, but China also has given arms, often free, to Pakistan in the measure it can afford to spare from its arsenal. And Beijing knows as well as we do that an armed Pakistan has been a threat to our security. It is thus in the sector of foreign affairs also that Beijing has to review its position before a normal relationship with us becomes possible. Its political strategy on the global plane is vastly different from ours.

At present there is some scope for beneficial cooperation in the fields of trade and cultural exchange. Identification of these areas at the Beijing talks is, indeed, welcome, though not of any remarkable consequence for our country.

CSO: 4220/7534

PAKISTANI ENVOY SPEAKS AT GOOD WILL CONFERENCE

Bombay THE TIMES OF INDIA in English 14 Dec 81 pp 1, 9

[Text] New Delhi, Dec. 13 (UNI)--Pakistan is not at all for war with India, Dr. A. K. Brohi, Pakistan's ambassador at-large said here today.

The people and the government of Pakistan realised that wars did not achieve anything and they only desired to live in amity with their brothers across the border, he said, while addressing the conference of goodwill for south Asia, organised by the rotary international president.

Just before coming to the conference, Dr. Brohi said he had met the Pakistan President. He had asked Dr. Brohi to convey to the people of India that he was not for war with India.

According to Dr. Brohi, only some journalists, administrators and legislators in both countries had a vested interest in the continuance of friction between India and Pakistan.

But it should be realised that both the nations, because of their special relationship, "either live together, or perish together". They had to choose between "co-existence" or "no existence", he said.

Mr. L. K. Jha, chairman of the economic administration reforms commission, government of India, who spoke after Dr. Brohi said the people of India "heartily reciprocated" the views expressed by the ambassador.

He could assure the Pakistanis that every Indian would only be too happy if he was told that there would be no more wars between the two countries.

Mr. Jha agreed with Dr. Brohi that India and Pakistan divided only to remain friendly and not to confront each other. It was not a partition to create two factions. Instead of leaving the matter of normalisation of relations entirely to diplomats, the people of both the countries should actively work together to bring this about, Mr. Jha opined.

Dr. Brohi said the India-Pakistan relationship was not the conventional kind of bilateral relationship. The partition was a political partition and at that time there was an agreement between the "gentlemen" of both the countries. It was the

duty of the successors of those "gentlemen" to fulfil the agreement to live together in peace and co-operation. A war would affect both.

Even at the risk of annoying some people in Pakistan as well as in India, he would say that the dialogue between the two countries today was a "dialogue between the dumb and deaf". If both could open their hearts, there could be better understanding.

Pointing out that wars were no longer caused by fear but by ambition and arrogance, Dr. Brohi said if India and Pakistan fought against each other and destroyed all that the sub-continent stood for, it would be a loss to the world.

PTI adds: Dr. Brohi, former ambassador of his country in Delhi, said it was President Zia who insisted that he should attend the conference though he was reluctant to go to India, "as I did not want to return a sad person".

President Zia had wanted him to "improve" relations with India and sent him with a special message to the conference, besides a videotape of his address to the Indian people, in which he appealed for peace and goodwill between the two countries.

Dr. Brohi said he would go back happy if some direct or indirect assurance was given that "we will not go to war".

Meanwhile, a commentary put out by Radio Pakistan today talks of its desire to have a dialogue with India "with an open mind to forget mistakes of the past and remove suspicion and mistrust," between the two countries, reports UNI.

The commentary particularly referred to Mrs. Indira Gandhi's recent statement in which she repeatedly said that "she did not foresee war with Pakistan in the near future, although the conditions which led to the 1971 war still existed on the border".

The radio said, "There is no concentration of Pakistan troops on the Indo-Pak border."

The commentary further said, "Pakistan does not believe in war and therefore the question of its aggression with any country does not arise."

CSO: 4220/7541

INDIA

ANALYST DISCUSSES GOVERNMENT'S ECONOMIC TASK

Madras THE HINDU in English 22 Nov 81 p 2

[Article by G. K. Reddy: "New Thinking on Economy"]

[Text] A redeeming feature of Mrs Indira Gandhi's present term as Prime Minister is a readiness to face realities and draw the right lessons from past mistakes on the economic front. The Government is more receptive now to new ideas and better advice although it still remains a prisoner of its previous predilections in some spheres.

What really matters is that she is no longer allergic to pleas for modernization and pragmatism, greater flexibility and accommodation. Her present advisers are hardheaded and experienced civil servants who are not prone to playing the ostrich, exuding an air of superior wisdom and pretending to be infallible in their thought and actions. She had veered round to the view that it is possible to achieve better results through greater resilience within the present political system, without exposing herself to the accusation of abandoning her ideological commitments of succumbing to the pressures of vested interests.

Positive Approach

The new thinking has not yet crystallised into policy decisions at various levels for making its impact felt in the fields of planning and public investment, taxation and expenditure, prices and production, foreign participation and technological innovation. But it holds out the promise of a far-reaching transformation in the very outlook of the Government with a fresh emphasis on performance orientation. The few who matter in the Government have become increasingly conscious of the need for a more imaginative and positive approach to development.

The accent on liberalisation does not represent a tilt towards the big business, much less a desire to throw the doors open to foreign economic influences, only a perceptible move away from the strangleholds of soap-box socialism. There are no radical pressure groups left in the ruling party to compel Mrs Gandhi to adopt heroic postures or Quixotic courses of action unmindful of the consequences. The whole emphasis now is on a gradual swing back to more orthodox and proven remedies for the country's economic problems.

It is too early for the new ideas that are floating around to start meshing into a well integrated pattern of thought or programme for action. A lot more ground-work will have to be done to prepare the country politically and psychologically for this process of shedding the remaining shibboleths of Congress radicalism. There is bound to be a big outcry that the Government is unabashedly opting for laissez-faire under the guise of liberalisation to appease the big business without any compensating gain for the common people.

Realist

The coming budget certainly will reflect some of the measures under consideration for implementation in stages over the next fiscal year, if possible. The Finance Minister, Mr R. Venkataraman, is a cautious person and a fail-safer by temperament, who is used to functioning within a framework and striving for better results, without tinkering too much with the basic structure.

Mr Venkataraman is receptive to new ideas and suggestions for orderly improvement, but is well aware of his limitations in responding generously to the pleas for liberalisation. At the same time he is not an apologist for status quo, much less a defender of the present counter-productive controls and tax rates that penalise the honest and provide enough loopholes for the dishonest to thrive at the expense of public welfare.

No Finance Minister likes to be pressured or pushed around, or compelled to accept other people's ideas or suggestions, whatever the intrinsic merit of the advocacy for tax concessions or other incentives for increased production in posing various alternatives and narrowing down the options, through internal debate within the Government, he has to be made to feel that the ultimate choice rests with him.

But in giving him this comforting impression, he has to be persuaded not to rely unduly on the advice of his own officials in the Finance Ministry who tend to view every proposal for liberalisation largely in the context of the revenue loss or additional expenditure it might entail, irrespective of its wider benefits in the totality of the economic situation.

This is an occupational hazard of almost every Finance Minister who has the ultimate responsibility of producing a balanced budget or keeping the deficit within manageable limits. In a change-resistant society like India, it is not easy for anybody, least of all for a Finance Minister, to go in for major concessions, unless he is doubly certain about the compensating advantages.

Happier position

But Mr Venkataraman will be in a relatively happier position in framing the next budget because of the anticipated reductions in the oil import bill, the increased returns from the second issue of bearer bonds and the first instalment [sic] of the IMF loan it will give him enough flexibility in conceding the suggestions for tax reforms and other incentives to encourage growth, generate savings and relieve the burdens of the middle classes and poorer sections. At the same time he has to contend with the ugly reality of increased defence expenditure which cannot be curtailed beyond a point.

So he is being prevailed upon to consider, within this broad framework, the possibilities of raising the exemption limit, lowering the higher rates and rationalising the tax slabs on personal incomes, abolishing gift tax, tightening up estate duty and reducing the rigours of wealth tax by exempting some items from computation.

He is also being advised to impose an across the board cut of 20 to 25 per cent on all governmental expenditure which on both revenue and developmental accounts now exceeds Rs 20,000 crores. He has been told that it should be possible to enforce this reduction through a proper reduction through a proper elimination of wasteful expenditure.

New Legislation

The Government is thinking of bringing forward comprehensive legislation during the next monsoon session to deal with structural changes in economic administration that cannot be brought about through budgetary provisions or revision of existing rules. But more immediately Mrs Gandhi and her advisers are keen on setting the tone for wide-ranging economic reforms with a series of budgetary incentives.

The ideas of the Planning Commission and the L K Jha Commission will have to be dovetailed into the Finance Ministry's own thinking on the subject for evolving agreed conclusions that could be incorporated in the budget. This exercise will go on during the next three months until the Prime Minister and the Finance Minister have a fairly comprehensive picture of the revenue and expenditure position.

There is no economic wizard in India who can perform miracles overnight to end the present stagnation. It is an uphill task that can be achieved only by going in for qualitatively superior solutions to well-defined problems with a proper set of priorities for utilising prudently the available skills and resources.

The country cannot afford to fritter away its energies in fruitless controversies that have no great relevance to public welfare. A growth conscious society has to cope with the challenges of continuity and change, learning through trial and error, without mistaking stagnation for stability or opting for complex alternatives when simpler remedies are available for its problems.

The poor calibre of political leadership and the rapidly declining standards of personal rectitude make it increasingly difficult for a ruling party to carry conviction about the capacity of the Government to restructure the economy without running the risk of further dislocation. It is necessary to first restore the missing public confidence in the ability and earnestness of those in power to make a determined effort to put back the economy into shape, before initiating the requisite measures for bringing about the proposed changes in their proper sequence.

The Government itself remains badly caught up on the horns of a perplexing dilemma not knowing whether it can make the big business behave better by loosening or tightening the leash by enforcing or relaxing the economic disciplines in the prevailing permissive atmosphere.

The IMF trap is going to expose the country to increasing external economic pressures at a time when it is all set to embark on internal liberalisation. The Government has been left in no doubt at all that the U.S. intends to raise some awkward questions in March next during the review of conditionality compliance before releasing the second instalment of the loan. It is all set to question the propriety of increased defence expenditure in the course of pressing an increased role for foreign capital, additional incentives for private sector relaxation of import-export controls and a tighter anti-inflationary rein.

There are also moves afoot to treat a developing country like India in a relatively advanced stage of development as a developed country which would disqualify it for any IDA loan in future in the name of making available more money for needy nations.

External Pressures

It is not altogether inconceivable that India might be obliged to forego the second and third instalments of the IMF loan as the only honourable way out, if it is compelled to submit to such impossible conditions. This grim prospect is being taken into consideration in embarking on a phased programme of internal liberalisation.

The Government has to take into account the possibility of continued strains in its balance of payments well beyond the anticipated period through an interplay of these external pressures and domestic compulsions. And it cannot shut its eyes to the grim prospect of India also joining the honour roll of the 14 odd developing countries that were unable to comply with the strict conditionality of the IMF and had to forego subsequent instalments after receiving the first instalment of their loans.

CSO: 4220/7430

ALL-INDIA PEACE COUNCIL HOLDS DELHI MEETING

Bombay THE TIMES OF INDIA in English 14 Dec 81 p 4

[Text] New Delhi, December 13 (UNI)--The national council of the All-India Peace and Solidarity Organisation today expressed grave concern over the threat to India's security and sovereignty posed by the massive U.S. arms aid to Pakistan, including F-16 fighter bombers.

The council called for the widest mobilisation of all patriotic forces, irrespective of their political, social, or religious beliefs, to defend the independence and integrity of the country. A resolution adopted by the council said that "the U.S. imperialism and its reactionary partners" were seeking to destabilise India.

The World Peace Council president, Mr. Romesh Chandra, who addressed the council, referred to the danger the world was facing because of the U.S. global nuclear arms build-up. The fight against this arms race was now acquiring great strength in different parts of the world. India's fight for defending its security and sovereignty was part of this global struggle, he said.

The one-day meeting of the council under the presidency of Mr. Rashiduddeen Khan, M.P. congratulated Mr. Romesh Chandra on receiving the prestigious Dag Hammarskjöld award for peace.

The meeting was attended by representatives of various political parties and organisations from 15 states.

The resolution said that divisive forces were striking at the very root of national integrity. The CIA and the leadership of China were exploiting the complicated situation in the north-east region. Some unscrupulous elements residing in the U.S. were now agitating for the further disruption of the country by raising the slogan of "Khalistan."

The resolution appealed to all who believed in the freedom and integrity of the country to rally in defence of the motherland.

The council also decided to set up a national preparatory committee for celebrating the birth centenary of the great Tamil poet and freedom-fighter, Subramania Bharati.

ANALYST TELLS DELHI AIMS IN PRC TALKS

Madras THE HINDU in English 6 Dec 81 p 12

[Article by G. K. Reddy]

[Text]

NEW DELHI, Dec 5

The first round of the Sino-Indian official-level talks in Beijing next week will be of an exploratory nature, since it is only the beginning of a long-drawn exercise for settling the border problem.

The two sides are not expected to come to grips at this meeting with the territorial aspects of the border dispute, other than indicating broadly their respective concepts of a negotiated settlement.

The Indian team, headed by the Secretary in the External Affairs Ministry, Mr. Eric Gonsalves, is leaving for Beijing on Monday, a day earlier than intended, because of the difficulty in obtaining connecting flights.

It will be flying directly from Delhi to Beijing by Lufthansa, instead of taking an Air India flight on Tuesday to Hong Kong, then transferring to a connecting China Airways flight to Shanghai and reaching Beijing late that night.

Internal consultations: The Indian delegation, which includes Mr. Ranjit Sethi, Joint Secretary in charge of the China Division, Mrs. Manorama Bhalla, Secretary of the Indian Council of Cultural Relations, Mrs. Usha Vohra, Joint Secretary in the Ministry of Commerce and Mr. G. N. Rao, a China expert, will spend the first day in internal consultations with the Indian am-

bassador, Mr. K. S. Bajpai, and his colleagues on the general strategy to be followed at the talks in the light of the brief given by the Government.

As the leader of the Indian team, Mr. Gonsalves, has to get back to Delhi in time to prepare for the visit of Mr. Alexander Haig, the U.S. Secretary of State, an effort will be made to commence the talks a day earlier on Dec. 9, if the Chinese officials have no other commitments. But, otherwise, the projected four-day discussions will begin on Dec. 10 in accordance with the schedule agreed in advance.

The Government of India wanted to have these talks after Mr. Haig's visit, when Mr. Gonsalves as Secretary in charge of Indo-American affairs, would have been relatively free to devote more time to the China exercise.

But the Chinese Government wanted to complete the discussions before the middle of the month, since the Foreign Minister, Mr. Huang Hua, was going to be away from Beijing during the second half of December on some important visits.

But since the Indian delegation has been given to understand that Mr. Huang would be present at the opening session, it will suggest that as a host the Chinese side should initiate the discussion by spelling out its approach to normalisation. It will be India's turn to state thereafter its position on the border

issue and other inter-related problems.

Mrs. Gandhi's visit: It is considered highly unlikely that the two sides will be able to come to grips and engage in any substantive exchanges on any aspect of the border dispute at the first encounter other than discussing the modalities for more detailed talks at the next round in Delhi. But the very fact that India and China are talking and will continue to talk on this complex problem is in itself quite important, according to experts here.

The Chinese have made it clear, as best as they could through various sources, that after the talks has been set for a negotiated settlement through these official-level exchanges, they would like the dialogue to be elevated to the political level, so that the proposed return visit to Beijing by the External Affairs Minister, Mr. P. V. Narasimha Rao, could be followed by a trip by the Prime Minister himself at the appropriate time.

The Government of India is not averse to the idea of upgrading the level of these negotiations, but it is keen on evolving first a broad framework for a border settlement before the Prime Minister is brought into the picture.

To leave the door open for elevating the level of the dialogue, it was stated in Parliament on Friday that Mrs. Gandhi had accepted the Chinese invitation in principle to pay a visit to Beijing at her convenience.

INDIA TO CONVENE THIRD WORLD PARLEY IN FEBRUARY

Madras THE HINDU in English 13 Dec 81 p 1

[Article by G. K. Reddy]

[Text] New Delhi, Dec. 12--The Government of India is convening at the end of February in Delhi what is described as a South-South conference to evolve agreed approaches of the Third World to issues like energy, food aid and financial flows, before the developing countries engage in another round of North-South dialogue through global negotiations.

The Asian, African and Latin American members of the Group of 27, which functions as a sort of a steering committee of the Group of 77 that has a membership of over 100, have been consulted and they have all reacted enthusiastically to the Indian suggestion.

The Prime Minister, Mrs. Indira Gandhi, proposes to write to the Heads of Government of the countries which are going to participate in this conference, spelling out its scope and purpose. The idea is that the conference should be attended by either ministers or senior officials who are closely associated with policy-making in their respective governments.

The current thinking is that, to associate as many of the developing countries as possible with these discussions, a number of those who had taken part in the Cancun summit will be excluded to let others have their turn. The exact number and names of invitee countries will be finalised before the end of this month to enable them to decide at what level they would like to participate in this conference.

Collective influence: The Government of India felt it would be desirable to have such a South-South dialogue in depth to decide how the developing community as a whole should proceed to exert its collective influence on the industrialised societies to adopt a more responsive attitude to the Third World pleas for a more equitable International Economic Order and increased inter-dependence. It would like the Delhi conference to take a fresh look at the whole range of problems, from financial flows and food aid, energy and technology to trade and commodity prices, tariffs and other restrictive practices.

The attempts of the Group of 77 at the U.N. to persuade the developed countries to set a date and draw up the agenda for the proposed global negotiations to keep

alive the Cancun spirit have failed to make much headway, largely because of the diametrically opposite views the present U.S. Administration holds on the very concept and scope of international economic cooperation. The U.S. wants not only bilateralisation of all multilateral aid but also an increasing role for private western capital in the economic development of the Third World.

Meet in Kuwait: The members of the Brandt Commission are meeting informally in Kuwait next month to review all these developments and make some useful suggestions. The Delhi conference will follow a month later with a clearer understanding of how far the industrialised societies would be prepared to go in starting global negotiations.

The dates of this South-South conference will coincide with the four-day State visit of the Tanzanian President, Dr. Julius Nyerere, who is due to arrive on February 23 to receive the Third World Foundation award. It would enable Mrs. Gandhi and Dr. Nyerere to meet the representatives of countries participating in this conference.

CSO: 4220/7539

MINISTRY REPORTS PROBLEMS WITH BLOC TRADE

Madras THE HINDU in English 13 Dec 81 p 6

[Text]

CALCUTTA, Dec. 12.

The Union Government has urged the Soviet Union to lift all its requirements of hessian and sacking under the trade plan for 1981 before the year runs out, a senior official of the Union Commerce Ministry said here on Friday.

He told pressmen that according to the Trade Plan agreed upon between the two countries, the USSR was to lift 170 million pieces of sacking and 144 million metres of hessian cloth. As against these, the Soviet Union had so far taken only 141.34 million pieces of sacking and 91.78 million metres of hessian cloth.

The official said, the Centre was concerned about this and asked the Soviet Union to lift it within this month as it would help the Indian jute industry which was currently passing through a 'demand recession'.

He said, the Centre had also framed guidelines in consultations with all socialist countries under which from 1982 onwards the utilisation of materials under the Trade Plan was completed before the year-end.

In respect of jute in particular, the Centre had instructed the Jute Commissioner to strictly enforce the guidelines so that the growth of the Indian jute industry could be achieved without cyclical fluctuations.

CSO: 4220/7539

GANDHI ALIENATION OF MIDDLE CLASSES ALLEGED

Madras THE HINDU in English 13 Dec 81 p 2

[Article by G. K. Reddy]

[Text]

ONE of the paradoxes of the present-day Indian polity is the instinctive dislike of the intelligentsia by the ruling hierarchy, which feels more at ease in an atmosphere of outright sycophancy and unquestioning acceptance than in an environment of healthy debate and informed opinion. It has led to a progressive alienation of the educated from the new political elite that thrives in a permissive society by exploiting the ignorance of the common people.

The Prime Minister, Mrs. Indira Gandhi, has done precious little to restore the missing ethos by removing this distortion that has crept into the Indian public life. She is no less distrustful of the intelligentsia despite her modern outlook, sense of better values and cultivated attitudes. She has not forgiven those who had disagreed with her in the past, nor reconciled herself to their criticism of her policies and actions.

A complex personality, she has certainly mastered over the years the art of skilfully utilising her charisma to her political advantage. Though she does not lay any claim to superior wisdom, she believes that her political supremacy entitles her to be guided more by her own instincts than the unsolicited advice of the busybodies that claim to speak on her behalf, or the critics who do not respect her judgments. If she does not rely unduly on the opinions of her party colleagues, she finds it equally difficult to respect dissent without doubting the motives of those who disagree with her for whatever reason.

P.M.'s new politics

In the early years of her rule, Mrs. Gandhi used to surround herself with a small set of confidants who functioned as a sort of kitchen Cabinet, influencing her thinking and taking decisions in her name. She quietly disbanded the group when it started overreaching itself and alienating her senior party colleagues who had still some political clout left in them. But her new politics brought her into open conflict with the intelligentsia which felt that she was sacrificing the heritage of her father to subserve her more immediate party interests.

It was a head-on collision with the very starry-eyed intellectuals who were among her most ardent supporters at one time. Greater damage was done to her own cause by her disenchantment with the articulate middle class that had become increasingly critical of her actions.

At one stage the so-called radicals in her entourage tried to give an ideological twist to this phenomenon by laying greater emphasis on mass politics to make the Indian bourgeoisie look like the natural allies of native capitalism and foreign colonialism. But the argument did not wash when the ruling party itself became increasingly dependent on the contributions from big business houses for running the creaky political machine.

The radicals in her camp realised before long that they were no longer trusted and were being eased out from the charmed circle by Sanjay Gandhi's men who were dominating

the party organisation. The new emphasis on loyalty rather than competence led to a further alienation of the party from the better educated social segment that was still rooted in the old traditions and could not reconcile itself easily to the changed situation.

Worst hit

The most disaffected section of the Indian people today is the middle class which has suffered grievously from the erratic economic policies of the Government. The richer sections, on the other hand, have never had it so good, since they are able to violate laws, evade taxes and amass vast fortunes without any fear of retribution.

The traders also have become richer and richer by manipulating prices and indulging openly in a parallel economy and making a mockery of all governmental regulations. The poor have not done too badly in the sense that the wages of the workers and farm labourers have gone up considerably in the wake of inflation.

The professional sections like lawyers, doctors, accountants and architects, and even self-employed artisans like carpenters, taxons, electricians, plumbers and masons, have been able to step up their earnings to keep pace with the rising prices. It is only the salaried middle classes, like the police, civil servants, teachers, shop assistants and other categories of privately employed persons who have been the worst hit with their income and savings eroded by inflation.

All these distortions have led to widespread corruption, creating

the feeling among the middle classes and the poorer sections that the Government is not really interested in their welfare. There are still many honest civil servants left in the country who have been putting up with this inequitous dispensation. But the others see no great harm in helping themselves with supplementary incomes to bear the burden of inflation.

The vagaries of taxation are such that it is only the salaried categories that feel the brunt of it. Those in power living in their little world do not realise the degree of middle class discontent which can be ignored only at its peril by the ruling party which has apparently not learnt the right lessons from the 1977 debacle.

One of the worst mistakes that any Government can make in an elective democracy is to give the articulate middle class a smouldering sense of grievance, a feeling that those in authority are not really concerned about its plight. It is a class that cuts across caste, communal and ideological barriers and history is replete with tragic examples of the havoc it can play by spearheading agitations and even sparking revolutions.

The freedom struggle was led and sustained by the middle class intelligentsia which plunged itself into the civil disobedience movement. It continues to provide the sinews for any national endeavour in times of crisis and challenge by rising above the rut of controversy and cross-purpose.

So Mrs. Gandhi is making a mistake in attempting to downgrade the middle class in the name of eliminating the pockets of dissent or shifting the focus of political

activity from the towns to villages. A successful leader must be able to unite and not divide the nation, whatever the provocation for invoking the class argument to justify one's policies and actions.

It is only the middle class that can absorb her perceptions, and articulate them to carry the necessary conviction. One cannot afford to develop an allergy for an entire class all because it has been highly critical of the Government.

A powder keg

After nearly 35 years of freedom, the poorest 20 per cent of the population receive just eight per cent of the national income, the wealthier 10 per cent between 35 and 45 per cent, and the remaining 70 per cent at various layers of the middle income groups account for less than 50 per cent of it. A rigid and stratified society, India represents a stable society at least on the surface of it, run democratically through the rule of law and fairly free elections.

But it is the undercurrent of discontent and the waning confidence of the people that makes it a powder keg which is bound to explode at some point if no corrective steps are taken to contain the ferment and give the people a true sense of participation in their governance.

As a class the politicians are looked down upon by the people not only because of their vulgar and ostentatious life styles, indiscriminate fund collections and gross misuse of power for questionable purposes, but also because of their colossal ignorance, pathetic incompetence and total inability

to comprehend the real dimensions of the multifarious problems facing the nation.

The personality cult that they indulge in is only a convenient facade for covering up their inadequacies and basking in the reflected glory of a leader who still has a personal equation with the poorer sections of the people. The real dilemma today is the trichotomy of her continued popularity, the tarnished image of her Government and the inability of the paralysed opposition to project itself as a credible alternative if she fails to live up to the expectations of the people.

Social conscience

The Prime Minister should respect dissent, welcome well-meaning criticism and learn to function as a consensus politician to carry all classes of people with her in the task of creating a new India of her dreams. If she surrounds herself with a false elite and allows herself to be swayed by subjective considerations in condoning corruption, tolerating incompetence or turning a blind eye to malpractices, she will end up giving the talented intelligentsia a feeling of neglect if not persecution.

If brains are not the best guarantee of virtue, ignorance is no safeguard against unbridled ambition. It is often argued that a clever man tends to be less honest, but those who play the fool can be much more dangerous by making others believe that they can do no harm. What a country like India needs around the leader at the helm of the ruling party and the Government is a set of truly talented persons with a social conscience, not those who enter politics for its fringe benefits.

TRENDS IN COMMUNIST, GANDHI POLITICS EXAMINED

Madras THE HINDU in English 6 Dec 81 p 2

[Text] **T**HE Soviet lobby in India is making a renewed attempt to bring the left parties together and establish a reasonably good, working relationship with the ruling Congress (I) in an effort to contain the spread of American influence in the country by isolating the rightist forces. The more immediate purpose of this effort is to prevent any erosion of Indo-Soviet friendship under U.S. pressure, but the bid to persuade the two communist parties to bury the hatchet and work for left unity has some long-term objectives.

The Soviet ideologues still look upon the communist movement in India as a single political entity that is only temporarily divided by some internal dissensions and differing perceptions. So they talk of the need for unity within the Indian party, not of reunification of the two communist parties which have been at loggerheads over almost every issue of consequence.

But the China factor that initially led to the party split is no longer a hurdle to Indian communist unity in the sense that the CPI (M) now is no less critical than the CPI of Beijing's line-up with the U.S.

The marxists have clearly moved away from China and started re-establishing fraternal ties with the Soviet Union. The new pro-Moscow tilt in CPI (M)'s thinking is evident from its support for Vietnam. But there are still some influential individuals within the CPI (M) who feel that it should be possible to maintain a mutually beneficial relationship with the communist parties of both China and the Soviet Union, despite their disagreements with them over specific issues.

The CPI leaders who are prepared to work for communist

unity only on their terms do not want to ignore or underplay the depth of disunity between the two parties which have yet to agree on a common course of action that can bring them together.

P.M. distrusts leftists

There is also a basic contradiction in the fallacious assumption of the protagonists of communist unity that the so-called centrists around Mrs. Indira Gandhi are prepared to make common cause with the proposed left front even for the limited purpose of isolating the rightist elements or stemming the spread of American influence. After her return to power, Mrs. Gandhi has been deeply distrustful of the entire Opposition — and much more bitter against the leftists than the rightists.

Mrs. Gandhi has made no secret of her anger against the two communist parties which have been accused of turning against her when she was down, while the rightist parties had at least been consistently opposed to her at all times. She is under no compulsion now to adopt any heroic posture to placate the left, since in her view there is considerable difference between Congress (I) socialism and left radicalism.

The tilt, if any, is clearly to the right rather than to the left in Mrs. Gandhi's present-day policies and actions. She does not subscribe to the theory that India's special relationship with the Soviet Union imposes on her a continuing obligation to work in close concert with the communists in the pursuit of her domestic policies or foreign policy objectives. She has, on the contrary, gone out of her way to direct her left-leaning party functionaries to dissociate themselves

from communist-sponsored front organisations and set up their own friendship societies to sustain the special relationship with the Soviet Union.

Undeterred

The Soviet lobby is not deterred by Mrs. Gandhi's distrust in pressing forward with its ploy or plans for left unity to establish better understanding with her in the more immediate context, while pursuing the long-term objective of building up a left alternative to her bourgeois government. It feels that the new urge for unity in the two communist parties is a powerful emotion that would help consolidate and extend their combined influence. The two communist parties together control at least three States, dominate at least half of the trade unions and have a powerful foothold in the agrarian movement.

The communist intellectuals believe that the present bourgeois power base built up by Mrs. Gandhi will collapse after her disappearance from the Indian political scene and the left parties should prepare from now to fill the vacuum, before the centrists in her camp feel compelled to make common cause with the rightist forces in the absence of a better alternative open to them. They want the left parties to get together to engage in a trial run to test their strength during the next elections and prepare step by step to stake their claim as the only credible alternative in another decade.

All such calculations involve a certain amount of wishful thinking and can go awry through unforeseen developments. But the visualisation of the two communist parties is that time is definitely on their side and it is well within

their grasp to make an ambitious bid for power at the Centre, either on their own or through a united front of leftist and like-minded forces, if Mrs Gandhi is not able to set the pace for a smooth succession by her son while she is still in total command of the political situation.

They feel that with all her charisma she will not be able to cope with the mounting challenges of leadership and that the present ferment and flux in the country is bound to become deeper with the passage of time, sapping the public faith in her capacity to provide an orderly government.

But even non-communist intellectuals, who do not share these prophecies of the communists are troubled about the nation's future in the wake of the sharp decline of political standards, public morality and quality of government. They fear that the present non-performing political set-up could cause irreparable damage to the very structure of Indian democracy by precluding better alternatives and placing a premium on populism.

The Opposition parties, in their view, are as responsible as the ruling Congress (I) for the tragic drift and psychic down-turn that are contributing to this sense of fatalism.

What then is the way out? Nobody, capitalist or communist, seems to have the right remedy for this Indian malaise. The polemicists are as dismayed as the politicians in either comprehending its full magnitude or coming forward with solutions capable of improving the system and restoring the confidence.

There are some well-meaning persons who have been talking of the need for a thorough overhaul of the system to pave the way for structural changes to insulate the decaying institutions of government from extra-democratic procedures and highly personalised political conflicts.

It is not only in India that the role and performance of the ruling party and government are coming increasingly under critical scrutiny, since almost every elective form of government has to put up with constant inquisition. The all-pervasiveness of modern government and the complexities of running it, expose the individuals involved in the process to frequent criticism, because of the ever widening gap between the extravagant promises made in the heat of an election campaign and the inability to keep pace with expectations aroused by them. The task of governance is made all the more difficult by the inter-action of competing pressure groups representing conflicting interests.

The Soviet lobby is not alone in trying to take advantage of the present difficulties in India to gain some tactical advantage for itself by encouraging the emergence of a new combination of radical forces.

The western pressure groups are no less active in exploring the situation to widen the gulf between the ruling Congress and the leftist parties in the wake of Mrs. Gandhi's increasing disenchantment with them. The psychological warfare that is being waged by both the East and the West is making it increasingly difficult for India to find its own ideological equilibrium.

The real challenge that faces the Indian intelligentsia is how to reconcile the phenomenon of Mrs. Gandhi's popularity and unquestioned supremacy with the fact of the ruling party in total disarray riven by factionalism and corruption. Neither the leftists nor the rightists, let alone the centrists, have any proper explanation for the existence of this strange dichotomy and the readiness of the people to put up with it meekly. Nor is there any rational explanation for her apparent insensitivity to the indiscipline, frustration and cynicism pervading the Congress (I) even to the point of sullying her image.

REPORT ON GANDHI SPEECH AT WEST BENGAL RALLY

Calcutta THE SUNDAY STATESMAN in English 13 Dec 81 pp 1, 8

[Excerpt]

SANTINIKETAN, Dec. 12.—Addressing a WBPC (I)-organized rally at Bolpur Dak Bungalow ground here today, Mrs Gandhi expressed dissatisfaction with West Bengal's draft electoral rolls. She wondered how the voters' list could contain such a high margin of error which she estimated at 30%. She said the voters' list must be revised.

She pointed out that the CPI (M) had once been returned to power through the democratic process. There was nothing wrong, if they were voted to power again.

Mrs Gandhi said she had no intention of toppling State Governments run by other parties. However, she accused the West Bengal Government of being non-cooperative and was even reluctant to give accounts of overdrafts. She said the Centre had always been helpful to the Front Ministry.

The Prime Minister wondered how the CPI(M) could project itself as the champion of the poor, while it joined hands with "Rightist

forces" both inside and outside Parliament. Deprecating the Opposition's criticism of the Essential Services Maintenance Act, she said that no one had so far been arrested under the provisions of the Act which aimed at maintaining normal production.

Mrs Gandhi said that it was not the industrialists, but the poor wage earners who suffered in the sort of bandhs that had been called in West Bengal under the Government's patronage. The Union Commerce Minister, Mr Pranab Mukherjee, also criticized the activities of the Left Front Government.

CSO: 4220/7538

FIRST INSTALLMENT OF IMF LOAN RECEIVED, INTEGRATED

Calcutta THE SUNDAY STATESMAN in English 13 Dec 81 p 1

[Text]

NEW DELHI, Dec. 12.—The first instalment of 300 million Special Drawings Rights, worth about Rs 300 crores, of the controversial Rs 3,000 crores three-year loan from the International Monetary Fund has been received and integrated with the Foreign Exchange reserves.

With this, the exhausted reserves have increased to just over Rs 20,000 crores in the first week of December and the depletion has been reversed for the time being. The next two instalments of Rs 300 crores each will be received by March and it is expected that the reserves will thereby remain at roughly the same level despite the large trade gap, estimated at around Rs 3,000 crores, in 1981-82.

The instalments from the IMF come at a crucial time because the reserves have fallen by Rs 1,779.66 crores so far in the financial year, taking them to their lowest level since 1976-77. The

average monthly fall, comes to around Rs 170 crores, although in some months it was much higher.

In June, the reserves fell by Rs 348.29 crores; in July by Rs 234.98 crores and the highest in August by Rs 307.13 crores. The rate has come down since then but large monthly depletion are expected in the coming months.

In the first nine months of the financial year, the foreign exchange reserves have been drawn down by far more than the Rs 1,000 crores envisaged for the entire year. The Government is now trying to maintain them at a "safe level" but this is now impossible because the reserves are worth just three months of imports. This is far below the 10 months of imports considered "safe".

The last financial year (1980-81) ended with the reserves standing at Rs 4,822.13 crores. But this does not give a correct picture since the figure includes Rs 895

crores drawn from the IMF's trust fund and its compensatory financing facility. Thus, the fall in the reserves had already begun last year when the trade gap is estimated at a record Rs 5,700 crores.

The foreign exchange reserves reached a peak of Rs 5,219.00 crores in 1979-80, mainly because of remittances from Indians working abroad which offset the trade gap of earlier years.

Since then, the terms of trade have worsened considerably because of the sharp rise in crude and petroleum products' prices.

The present estimate of the Finance Ministry is that the balance of payments deficit in 1981-82 will be Rs 3,300 crores after taking into account earnings from "invisibles" (like remittances from Indians abroad). Since the trade gap is likely to be somewhat less than in 1980-81, this estimate is expected to materialise at the end of the year.

CSO: 4220/7538

G.K. REDDY: IAF TO GET LIGHT COMBAT PLANES

Madras THE HINDU in English 14 Dec 81 p 1

[Text]

NEW DELHI, Dec. 13

The Government has approved the proposal of the Air Force for developing with suitable foreign collaboration a light combat aircraft (LCA) of an advanced design equipped with the very latest avionics for a close ground support role under modern battle conditions.

The Hindustan Aircraft Ltd (HAL) has been toying for long with the idea of mating the aero-engine it has developed with an airframe designed indigenously with only minimal foreign assistance.

But the IAF feels that it will be more desirable to build the LCA in active partnership with one of the leading manufacturers of military aircraft abroad to get the full benefit of its expertise through a joint production programme.

British offer: The best collaboration offer so far has come from British Aerospace, which in a sense mooted the idea of a jointly produced LCA with an engine that has already been fully developed by Rolls Royce and an airframe to be designed by India with British technical assistance.

But some Indian experts feel that

it will not be desirable to abandon the aero-engine that India has designed and go in for the Rolls Royce product.

Search in Europe: The Defence Ministry wants to have detailed discussions with other aircraft manufacturers in Europe before deciding the right combination for optimum performance. These studies will take at least a few months and a final decision is not expected before the middle of next year at the earliest.

The IAF has been pressing for an LCA to relieve the much more expensive and highly sophisticated fighter, bomber and interdictor squadrons from close ground support role which will expose them to heavy anti-aircraft fire.

The Jaguars, MiG-23s and Mirage-2000s, for example, are designed and equipped with advanced navigational and fire-power systems for low-flying attacks on strategic targets or interception at high altitudes. The MiG-21s which are now the mainstay of the Indian Air Force have also been designed basically for interceptory and interdictory roles.

The other categories in use with the IAF like the Gnats, Hunters and Sukhoi also are dual purpose aircraft. The Gnats have been used successfully for engaging the intruders in dogfights

while providing some degree of ground support. But the Hunters and Sukhois have been employed only for bombing troop concentrations, supply trains, ammunition dumps and communications behind the enemy lines.

Inexpensive: The proposed LCA, costing less than a quarter of the price of a Jaguar or Mirage 2000s, could be mass produced in India for both domestic use and also export to countries which are interested in such aircraft.

The IAF has gone in for a limited number of MiG-23s, in its two versions for low-level bombing and high altitude interception, largely as a stop-gap measure until the Mirage-2000s are available in requisite numbers and the Indian-designed LCA goes into production.

The induction of such a light combat aircraft will give the IAF the necessary flexibility and better muscle power in coping with any possible threat that Pakistan might pose with its F-16s and others "in future. It will also enable the IAF to go in for a better balance between its offensive and defence roles, with manned aircraft performing different operational functions and unmanned ground-to-air missile systems for protecting sensitive installations.

NEWSMAN REPORTS PAKISTAN BUILDUP ON BORDER

Madras THE HINDU in English 14 Dec 81 p 9

[Text]

JAMMU Dec 13

Pakistan has started strengthening its armed forces all along the 700 km-long line of actual control and the international borders in Jammu and Kashmir, Rajasthan and Punjab and undertaking construction and upgrade of its airfields to ensure safe landing and take off of American F-16 jet fighters which it is expected to get by the middle of next year.

Pakistani army personnel have also committed a record number of 59 armed violations during the last three months on the line of actual control in Jammu and Kashmir in which, among others, an Indian Army Captain was killed in Poonch sector.

Pakistani forces are also engaged in round-the clock air tank and armed exercises in which Chinese-made fighters, two tanks from United Kingdom, American tanks and armoured vehicles, are participating.

When this correspondent recently visited areas adjacent to the present boundary line between India and Pakistan, right from the Karakoram range of Patapour area of Ladakh to Kailash range in Chamb sector he found there was no laxity in Pakistan's preparedness for a possible showdown with India.

"Gigantic wall"

Nothing symbolises this better than the "gigantic wall" built by Pakistan Army engineers with the assistance and guidance of their American and

Chinese counterparts within handshaking distance of the Indian border in Jammu, Sialkot, Jammu-Shakergarh and Jammu-Chickenneck sectors.

In front of the Wall one can easily see a bund — canal combination which is supposed to be an anti-tank device.

Pakistanis, according to Indian defence authorities, have raised the fresh defence wall during the past 30 months. In addition road communications have also been strengthened.

A number of new roads have been constructed with the aid of foreign engineers. Some of their forward posts, particularly in snowbound Kargil, Leh, Tivul, Poonch and Rajouri sectors have now underground road links.

Some yards inside the Indian territory of Suchetgarh post in Ranbir Singh-Pora Sector of Jammu region, it is written in bold letters on a brick wall "India". Nearby is the Octroi building on which the tricolour flutters. But Pakistanis, who have recently constructed a building for their border post personnel have removed their flag on their side.

According to Pakistani authorities they have removed their flag as they do not consider the border with Jammu and Kashmir an international border as "the State is a disputed territory". Pakistani defence authorities have also moved forward one armoured division to Chamb area last week, which is also engaged in round-the-clock exercises in the sector due to which almost all villages on the Pakistan side and some villages on the Indian

side present a deserted look.

A significant change in the situation obtaining in the forward areas after the 1965 and 1971 Indo-Pakistan conflicts is the construction of a network of defence roads by Pakistanis in almost all mountain terrains.

According to reliable reports the most notable road link established by Pakistan — is the construction of a 63 km motorable road connecting Rawalakote border town in Pak-occupied Kashmir with Hayer Bulge which was returned to Pakistan after the Tashkent agreement.

Rawalakote town, which is already connected with a good number of motorable roads with Muzer town via Koli was the main base from where Pakistanis sent armed infiltrators to Kashmir valley in 1965 and 1971.

Chhanya, an important post in Hayer Bulge is also connected now by an all-weather road.

Another strategic Pakistani post, Cheen, situated 8000 ft above sea-level and overlooking the border town of Poonch is linked from two different directions — one road link has been established with Kahuta and the other with Chpar via Gopabandpur in Pakistan-occupied area.

Pakistan has all along been using Cheen post for shelling Poonch Valley.

Pakistan, according to these reports, has also set up an anti-missile base in a vast ancient camping ground near Sierou town of Gilgit agency with the assistance of Chinese nuclear experts to meet any challenge posed by Russians.

CORRESPONDENT REPORTS U.S. STAND ON IMF LOAN

Madras THE HINDU in English 12 Dec 81 p 9

[Article by N. Ram]

[Text]

WASHINGTON, Dec 11

The sub-committee intends to monitor the progress of the Indian economy and balance of payments very closely in the future, as well as the evolution of United States policy towards future disbursements of funds to India under the terms of the loan.

Mr Stephen Neal, Democratic Chairman of the House Sub-Committee on International Trade, Investment and Monetary Policy, proclaimed the militancy during a special hearing in the U.S. Congress on Thursday on the IMF's five billion SDR loan to India. The panel conducting the proceedings functions under the Banking, Finance and Urban Affairs Committee of the House of Representatives.

In the highly unusual open hearing that reflects the reigning attitude in Washington — within the Reagan Administration as well as in Congress — Mr Neal's colleague, Mr John Lefsbice from New York, demanded, apart from a close watch over how the International Monetary Fund requires the Government of India to implement "structural adjustment" in the first year, the country's graduation from IDA in the light of its industrial and economic situation.

Mr Lefsbice said he was planning to visit India in January, as a member of the house sub-committee on international financial institutions, and expected to pursue these matters further.

Probing questions: The Congressmen asked probing, and obviously expertly coached, questions about India's economic directions, balance of payments, and military spending plans.

In an accompanying break with practice — since IMF Executive Board proceedings and perceptions are not supposed to be debated publicly —

the U.S. Executive Director in the International Monetary Fund, Mr Richard Erb, testified in detail about the Reagan Administration's perception of the Indian

arrangement and answered questions relating to the Indian economy, monetary and fiscal policy, and even defence.

Mr Erb welcomed the "positive and encouraging aspects" of the Indian programme and explained, authoritatively, that "because of positive features... we felt that outright opposition was not warranted".

Right to oppose: On the action ahead, he stated that the Reagan Administration retained "the right to continue to abstain, or to support, or to oppose it." However, if, at the end of the first year of the three-year arrangement, "it becomes clear that structural adjustments are not being made, we would probably have to shift to opposition to it."

The U.S. Executive Director, who answered detailed questions about the Indian economy as well as the Government of India's policy, confirmed that the largest loan that any IMF country had received was "thoroughly examined within the U.S. Government".

He summarised its features as follows: "The economic adjustment measures of the Indian Government include fiscal and monetary policies designed to ensure domestic financial stability and lower rates of inflation. The Indian Government also intends to take structural adjustment measures designed to: (1) liberalise imports, (2) remove export restraints, (3) adjust interest rates to spur savings, (4) adjust administered prices to reflect underlying supply and demand, (5) maintain a realistic exchange rate, and (6) expand domestic energy production."

Fundamental issues: He offered the clarification that the "two fundamental issues" causing the United States to abstain on the decision were as follows. First, "we had serious doubts that India's balance-of-payments position clearly justified expanded access financing — or at least financing of the amount expected to be drawn. The IMF's policy on expanded access required balance-

of-payments assistance only to members "facing serious payments imbalances".

In the judgment of the Reagan Administration, the term "serious" was interpreted "too loosely". Ways for India to reduce its expected drawings from the IMF under the arrangement include borrowing "more aggressively in the international capital markets during the three-year period".

India's international credit standing was "quite favourable" and, moreover, if it were to borrow medium-term funds from commercial markets in lieu of borrowing from the Fund, (a) future debt servicing requirements would not be significantly different since it must repay the fund anyway.

Structural rigidities: The second feature of the Indian arrangement "which concerned us" was "the lack of a detailed statement of concrete structural adjustment measures to be implemented during the three years and consistent with its objective of removing structural rigidities in the economy which are a significant source of its balance of payments problem".

In his instructive and blunt testimony, Mr Erb — who said that the Reagan Administration was more insistent on "structural adjustment" for developing countries than the previous administration — identified the Indian "structural rigidities" as including "administered prices, export restraints, import restrictions, and Government regulations".

By preventing domestic and foreign resources — including capital, labour, technology, raw materials, and intermediate goods — from flowing to their most productive uses, structural rigidities constrain India's ability not only to finance a reasonably high current account deficit on a sustainable basis, but just as importantly constrain adjustments in India's current account to shifts in economic fundamentals at home and abroad.

Fiscal targets: On the "positive" side,

"The Indian Government has set out positive structural adjustments. It had also established 'specific fiscal and monetary targets' that would contribute toward 'reducing inflation'."

Then, it "has already taken a number of policy actions consistent with those intentions including tax administration reforms, freezes on the size of the federal deficit and some subsidies, and a variety of policy modifications affecting prices, regulations, interest rates, and import restrictions."

Finally, since purchases would be phased over three years with almost 50 per cent of the total reserved until the third year, "the IMF will be able to monitor the concrete adjustment measures taken at each phase of the programme before a new phase is begun."

For this complexity of reasons, Mr. Erb said, the United States had decided to "give the benefit of doubt to the Indian Government" and determined that "an abstention was more appropriate and would enhance our ability to influence the direction of the programme as it evolves."

Dealing specifically with "U.S. policy on arms sales and the IMF," Mr. Erb said given "an insecure world, nations must and will take the measures needed to safeguard national security." As the Reagan Administration sees it, "the IMF certainly does not have, nor claim to have, the expertise to judge the defence needs of its members."

Public sector deficits: Acknowledging that IMF programmes often contained

overall limits on the borrowers' public sector deficit and constraints on the financing of such deficits—which could "indirectly" influence decisions on Government expenditures—he maintained that "individual budget items must generally be left to national authorities."

In particular, the U.S. official said, decisions on military expenditures were "at the core of national sovereignty."

Noting that he was aware of the reports on the possible purchase of some \$3 billion "in arms" from France (appearing in the press "prior to the IMF Board's review of the India programme"), he opined: "However, India's balance-of-payments problem stems primarily from structural rigidities in the economy and not imprudent fiscal and monetary policies."

Mr. Erb informed the inquisitive Congressmen that India's military expenditures "have remained at around three per cent of total GDP and around 15 per cent of Central Government expenditures", and stated that the "understanding" of the Reagan Administration was that "any purchases would not take place until after the period covered by the IMF programme."

Erroneous report: The U.S. Executive Director in the IMF told the congressional panel that American newspaper reports suggesting that the Government of India was going to use the IMF resources to finance development projects or purchase Mirage-2000 aircraft from France were "erroneous." He qualified this, however, by saying that in a sense the money was "fungible."

AIR CHIEF MARSHAL WRITES ON DANGER OF F-16's

Calcutta THE STATESMAN in English 14 Dec 81 p 12

[Text] New Delhi, Dec. 13--Several strategic targets in India would become vulnerable if Pakistan were supplied the F-16s, along with the full range of avionics, matching missiles and electronic counter-measures, the Air Chief Marshal has warned, reports UNI.

Any introduction of the Airborne Warning and Control System aircraft would certainly improve the defensive and offensive capabilities of the adversary, and add a new dimension to the air situation in this region, Air Chief Marshall Dilbag Singh, said in an interview with the Delhi Defence journal, Vikrant.

About the re-armament of Pakistan, the Air Chief said "there is no doubt that with the kind of performance associated with the F-16, which is optimized both for interceptor as well as deep-strike roles, particularly the latter, increased emphasis on the extent and quality of protection that we have to provide for many more vulnerable areas and points within the striking range of this aircraft is called for".

Besides the F-16, the F-15, Eagle aircraft, which Pakistan is also likely to acquire, is generally used for escorting the F-16 and should also presumably have a comparable range. Mid-air refuelling systems will certainly extend the range and endurance of combat aircraft, he added.

He said AWACS would definitely enhance the capability in this respect, but they were expensive and costly to operate, and would involve a great deal of expertise.

Pakistan has spoken of its desire to hold a dialogue with India "with an open mind to forget the mistakes of the past and remove suspicion and mistrust" between the two countries, according to a commentary broadcast by Radio Pakistan today.

The commentary referred particularly to Mrs Gandhi's recent statement, in which she repeatedly said she "did not foresee war with Pakistan in the near future, although the conditions which led to the 1971 war still existed on the border".

The radio said "there is no concentration of Pakistani troops on the Indo-Pak border".

BRIEFS

INVESTMENT IN SINGAPORE--Singapore, Dec. 12--The Singapore branch of Indian Bank is sponsoring a 17-million dollar (Rs. 7.60 crores) syndicated loan, participated by three other Indian banks--United Commercial Bank, Bank of India and Hongkong based IBU International Finance to underwrite a local condominium housing project. This is the first time that a syndicated loan denominated in Singapore dollar is being arranged exclusively by Indian banks in their efforts to more actively participate in industrial and manufacturing activities instead of confining to traditional trade financing. [Excerpt] [Madras THE HINDU in English 13 Dec 81 p 6]

JAPANESE COMPRESSORS PURCHASED--Tokyo, Dec. 12--What are claimed to be the world's largest natural gas compressor modular systems have been completed for India's Oil and Natural Gas Commission (ONGC) and will be shipped to the site of their installation near Bombay on December 28, a leading Japanese engineering company announced here on Friday. Ishikawa Jima-Harima Heavy Industries company, also a leading ship-builder, said it had completed the construction and testing of the two 1,400 tonne modular units capable of compressing natural gas at a daily capacity of 2.4 million cubic metres. The order worth four billion yen (Rs. 16 crores) was awarded to the company by the ONGC in November last year. Both units are intended for use in compressing gas pumped to a facility on land from the Bombay High offshore oil fields. The compressor modules made up of gas turbine driven compressors, gas coolers and control systems are loaded on skids which were also built by the same Japanese company. [Text] [Madras THE HINDU in English 13 Dec 81 p 6]

TRADE WITH HONG KONG--New Delhi--The possibility of Indian and Hongkong businessmen joining hands for third country ventures was examined at a meeting here between Mr. Arvind N. Lalbhai, president and other functionaries of the Federation of Indian Chambers of Commerce and Industry, and a six-member team led by Mr. K. Sital, Chairman of Hongkong's Indian Chamber of Commerce. Mr. L. M. Thapar, a member of the FICCI executive, invited Hongkong businessmen to take advantage of the free trade zone facilities in India. India, he added, could join hands with Hongkong businessmen in South East Asian countries, West Asia as well as elsewhere in undertaking and executing projects. In the course of the discussion, Mr. Sital pointed out that since Hongkong imported almost everything including water, vegetables, fruits, etc., there was scope for India meeting its varied requirements. Hongkong, he added, could play a useful part in marketing Indian goods in mainland China and could set up export oriented projects in India with its own design, specifications. [Excerpt] [Madras THE HINDU in English 13 Dec 81 p 6]

INDO-FRG TRADE--Mr Rolf Ramisch, the West German Ambassador in India, on Friday expressed satisfaction over the rapidly improving trade and political relations between the two nations. He was addressing a meeting organized by the Indo-German Chamber of Commerce, Eastern Region Council, to commemorate its 25th anniversary. The Ambassador said that Indian exports to West Germany had risen from about Rs 80 crores in 1960 to nearly Rs 453 crores in 1980. The value of the bilateral trade in 1980 was around Rs 1,000 crores. There had been a commensurate growth in imports from West Germany as well. He felt that bilateral trade would improve further if India allowed free trade in this country. Mr Ashoke Bir, chairman of the chamber's Eastern Regional Council, welcomed more German investment in the eastern. He regretted that German investment in India was small compared to its investments in other countries. He cited the example of Singapore where the West German investment in 1980 increased by 142 million DM, which was about 75% of its entire investment in India. [Calcutta THE STATESMAN in English 14 Dec 81 p 7]

MICA TO USSR--Patna, Dec. 13--The Mica Trading Corporation of India signed on Thursday an agreement here for supply of mica worth Rs. 12 crores to the Soviet Union till September 1982. The Chairman of MITCO, Mr. M. K. Majumdar, and Mr. Yu Synkov of Strojmaterial Intorg of the USSR initialled the agreement. Mr. Synkov told newsmen that USSR's average annual requirement had been around Rs. 18 crores worth of mica in the last few years. "We come here to buy mica because it is the best in the world". [Madras THE HINDU in English 14 Dec 81 p 6]

PLO EMBASSY DENIAL--New Delhi, December 11--The Palestinian Liberation Organisation embassy today sought to contradict the impression given by a UNI report that the PLO was training Indian mercenaries. In a press note, the embassy said that the report was "too ridiculous to be discussed". The Indians were serving with the organisation in a "humanitarian capacity", with the knowledge and approval of the government of India, through the ministry of external affairs. These Indians were at no time given military training. The note pointed out: "The bonds of friendship between the Palestinian Liberation Organisation and the government of India--between the Palestinian people and the Indian people--are too strong and sincere to be shaken by malicious propaganda." The note said that the number of Indians with the PLO did not exceed 100 at the roughest estimate, and that they "are not mercenaries but honourable volunteers working in our hospitals through the Palestinian Red Crescent Society, to alleviate the pains of our wounded who suffered from the continuous barbaric Zionist attacks." [Bombay THE TIMES OF INDIA in English 12 Dec 81 p 7]

CHLORIDE TO USSR--Chloride India has signed a contract to supply motive power batteries to Machinimport of the USSR during 1982. The order is valued at Rs 5.89 crores and is believed to be the single largest order placed on any Indian Battery manufacturer this year. [Calcutta THE SUNDAY STATESMAN in English 6 Dec 81 p 11]

CSO: 4220/7546

DOMESTIC SHIP CONSTRUCTION DISCUSSED

Jakarta KOMPAS in Indonesian 13 Oct 81 pp 1, 9

[Article: "Under Construction at Cilacap: Largest Drydock with a Capacity of 120,000 Tons"]

[Excerpts] The Minister of Communications in a written decision dated 30 July 1981 directed the construction of floating drydocks at Cilacap. PT Persero "Gayabaru," the shipbuilding and shipboard maintenance firm (IPPA) was assigned the responsibility for these drydocks which will be the largest ever built in Indonesia.

The KOMPAS source in the Bureau of Capital Investment, Department of Communications said the construction of the drydocks will take place in three stages. In the first or primary stage, a drydock will be constructed with a capacity of 10,000 tons. Construction will begin at the end of 1981, with an anticipated completion date at end of 1982. In this way, vessels with a deadweight up to 10,000 DWT (dead weight tons) will not need to go to a dock in a foreign country. This stage will be "pushed" to completion ahead of schedule.

The second stage which must be finished by the end of 1983 will encompass the building of drydocks with a capacity from 15,000 to 50,000 tons. In the third stage which will be the final one, drydocks will be constructed to build vessels with a capacity up to 120,000 tons! "This latter stage must be completed at the latest by the end of 1984. An area for it covering 25 hectares has already been set aside," said the source.

The construction of this new series of drydocks will use export credit funds to procure needed materials and equipment and rupiah funds to erect structures such as administrative facilities. PT "IPPA Gayabaru" in fulfilling its responsibilities concerning this giant project will do so by means of a joint venture with Japan. The field of Japanese partners in this instance has been narrowed down to two candidates: NKK (Nippon Kokan) or IHI (Ishikawa-jima Hanina).

Responding to background questions concerning the construction of the new drydocks, the source explained that the merchant fleet carrying the Indonesian flag now totaled 3.5 million tons. All these vessels need to have docking and maintenance facilities. Docking capacity in Indonesia has just reached a total not exceeding 1.15 million DWT or about 33 percent of requirements. This means that

the remaining 67 percent, or around 2 million tons consisting especially of vessels exceeding 10,000 DWT, is forced to seek docking facilities in foreign countries.

In addition to the drydock construction plans at Cilacap, there are four other projects that have been undertaken by the government. These are the building of a floating dock of 6,000 DWT by PT Persero at "Dok Tanjung Perak" Surabaya; the building of a graving dock by PT "IPPA Gayabaru" in Cirebon; the construction of another graving dock for vessels of 3,000 to 6,000 DWT by PT Persero "Pelita Baharu" in Jakarta and the extension of a floating dock by PT Persero at "Dok Tanjung Priok" in Jakarta. Upon completion, this latter dock will be able to accommodate vessels up to 17,000 DWT. "Everything must be completed at the latest by the end of 1982," said the source.

At PT Persero's "Dok Tanjung Priok," a slipway is under construction which will accommodate vessels up to 10,000 DWT. At the same firm's "Pelita Baharu" in Tanjung Priok, there are plans for a slipway to accommodate vessels up to 50,000 tons. A shipbuilding facility at that site was built in the 1960's but because it could not be used until now, the slipway construction had to be postponed.

The slipway to be constructed at Cilacap will be used to build vessels up to 120,000 tons with a draft up to about 13 meters. Speaking of the skeletons of vessels rusting in various harbors such as Cilacap, Surabaya and Ujungpandang and the Merak-Panjang channel, government officials in the Bureau of Capital Investment of the Department of Communications said that the cost of clearing these World War II wrecks, just from Surabaya for example, would amount to 3 billion rupiah.

In the eastern channel of Tanjung Perak, there are at present the hulks of five large vessels that should be disposed of because they are blocking the channel. A large vessel coming from the east to moor in Tanjung Perak must now go initially to Madura to turn around and come back before reaching its desired anchorage. "This requires an additional 8 hours of sailing time," said the sources.

Facing the channel where it is planned to locate the drydock at Cilacap, there are still several hulks that need to be removed before the drydock can begin operations.

9464

CSO: 4212/13

LACK OF FOOD DIVERSIFICATION DEPLORED

Jakarta KOMPAS in Indonesian 7 Oct 81 p 2

[Article: "Until Now - Government Has No Plans for the Implementation of Food Diversification Plans"]

[Excerpts] Until now the government has no concrete plans supported by sufficient funds to implement a program of food diversification for the people.

The director general of food production, Engineer Wardoyo, conceded this fact during a meeting with the press last Tuesday to commemorate the first "World Food Day" which falls this year on 16 October.

Not even the Department of Agriculture itself, he said, has undertaken until now special activities aimed at the diversification of food consumption patterns. The principal Department of Agriculture programs at present are still limited to increasing the production of food and to assuring its supply.

Various parties have long called attention to the problem of dietary diversification. As for the government itself, Presidential Instruction #20/1980 underscored methods for varying dietary intake which were tied to an upgrading in the nutrition of the population.

However, activities to give substance to the above program are still very limited and confined to educational and public information efforts.

"It is hoped that the people themselves will become aware of, and implement themselves this important program, without the need for force or pressure," Suhartoyo said.

He stated that the government did not have concrete figures yet concerning the level of rice consumption, whether it was increasing or declining. However, according to a survey, as the level of education and sophistication of the population increases, its daily food consumption appears to become more nutritious and diversified. This could mean that the consumption of rice is declining.

The Junior Minister for Food Production, Engineer Achmad Affandi, a while ago explained that rice production in Indonesia appeared to be increasing. However, this increase goes hand in hand with added rice consumption per capita "which is

difficult to manage." Before the development plans (in the 1960's), the average rice consumption per capita in Indonesia was less than 100 kilograms annually.

At the end of the Second Five-Year Development Plan (1979), average rice consumption per year rose to 125 kilograms per capita. In northern Sumatra it reached 160 kilograms per capita annually and in western Java, 150 kilograms.

Director General Wardoyo stressed that the diversification of food consumption actually constituted important progress. Public awareness should be aroused concerning this dietary diversification, he said, and should be accomplished at all levels of society. If dietary patterns of the Indonesian people continue to emphasize rice disproportionately as at present, certain problems will arise ultimately. For example, if a plant disease epidemic strikes the paddy harvest, the people unquestionably will experience difficulties in finding enough rice to eat.

9464

CSO: 4213/12

ECONOMIC GROWTH PREDICTIONS

Jakarta KOMPAS in Indonesian 7 Oct 81 pp 1, 12

[Article: "In 1981-82, Indonesian Economic Growth Predicted To Be 8 Percent Annually. - British Delegation Led by Trade Minister Peter Rees Arrives in Jakarta."]

[Excerpts] After achieving an annual economic growth (Gross Domestic Product - GDP) of 9.6 percent in 1980, Indonesia is expected to attain a further growth of eight percent annually in 1981-82.

This was the statement made by Minister of State for Reform of the State Apparatus/Deputy Chief of the Development Board J. B. Sumarlin at the opening of a conference of 60 British and about 150 Indonesian businessmen at the Mandarin Hotel last Tuesday. The British businessmen were headed directly by Minister of Trade Peter Rees. On the Indonesian side, the meeting was attended by Minister Sumarlin and Chairman of the Capital Investment Coordinating Board Suhartoyo.

This conference was a follow-up to the Sumarlin mission to Europe last year. At that time, Sumarlin brought with him about 100 Indonesian businessmen to discuss the possible expansion of economic ties with several European countries, including the United Kingdom.

According to Prof Sumarlin, the world economy which last year was ravaged by stagflation, has not changed a great deal to the present time. Production continues to decline while inflation, unemployment and interest rates remain high. However, Southeast Asia apparently maintains an economic growth that is relatively high, at least 7 percent annually, while the Indonesian GDP in 1980 reached 9.6 percent.

The future is reasonably bright, especially for Indonesia, said Sumarlin. It is hoped that Indonesia can sustain an economic growth of 8 percent annually for 1981 and 1982. "The 1980's will be a decade of opportunity for Indonesia," he said.

However, he also stated that although Indonesia experienced a reasonably high economic growth and had accumulated foreign reserves that were rather substantial for the last several years, the nation still remained a developing country. Its development remained a responsibility for Indonesia itself, and because of this, the exploitation and management of the nation's domestic resources would

continue to be given priority. Moreover, in addition to increasing its emphasis on accelerating the development effort, Indonesia recognizes the importance of the role of international business in assisting and supplementing any national endeavor.

Because of this, the Indonesian Government continues to hope for the participation of PMA (foreign investment) in national development. Foreign investment can help extend productive capacity and employment opportunities. It can serve as a gateway to foreign markets and to the channeling of technology and can generate more taxes. Indonesia has placed a priority on investment for the processing of raw materials, on the creation of employment opportunities; and on the increase of exports. The Minister of State for the Reform of the State Apparatus gave as an example the joint venture with Dunlop to construct a factory to manufacture tires and various rubber products for industrial use. Sumarlin stated that Indonesian developmental policy always had been to make an effort to strike a balance between national interests and the interests of the foreign partner.

In the meantime, the chairman of the Foreign Investment Board, Engineer Suhartoyo, declared that at present investment was a "scarce commodity." He explained that this was not only because the international economy was being subjected to inflationary pressures and stagnating growth which decreased commodity prices etc., but also because developing countries were in competition with one another to attract and keep foreign investment.

Indonesia is aware of this situation, Suhartoyo said, and because of it, continues to make efforts to improve its investment policy, both for present as well as for future investments.

9464

CSO: 4213/12

FACTIONAL TENDENCIES IN POLITICAL PARTIES DISCUSSED

Jakarta KOMPAS in Indonesian 18 Nov 81 pp 1, 12

[Article: "A Long Time Will Be Required to Eradicate Factionalism in Political Parties; - Sudomo: 'Party Cadres Needed,' Arbi Sanit: 'There Must Be an Identical Interpretation of Ideology; Frans Seda: 'After the Elections of 1982, a District System Should be Considered'"]

[Excerpts] "Whoever says the problem of factionalism can be solved immediately is uttering an outright lie. It is a process that will take 10, even 20 years before there are any results." This was the view expressed by Admiral Sudomo who believes it will be a long time before the problem of factionalism in political parties can be overcome. "And even 20 years will not be sufficient," he said.

According to Sudomo, the way to overcome this problem is through a system of party cadres. For example, from each faction of the PDI (Partai Demokrasi Indonesia - Indonesian Democratic Party) five members could be selected for instructions and training. After undergoing training and receiving instructions, these party cadres should be given the opportunity to put into practice what they learned, either in a provincial or central government leadership council, in the DPR (Indonesian parliament), or in some executive agency.

"Then we can take a look at the results so that later we can arrive at some ranking order of the cadre members. I think in this manner, over a period of time we can overcome the problem of factionalism among the political parties," said Sudomo. "Party factions are not chemical compounds that can be mixed thoroughly just like that; nor are they cattle to be prodded and driven into a corral. The factors to be integrated together are the political organizations coupled with their varying perceptions and their historical background. Because of these various elements, integration will take time," said Frans Seda.

Seda further deplored the fact that this time-consuming integrating process would be obstructed further by subjective challenges and private ambitions. In addition, he said that the political process in general was not conducive to such integration.

He also declared that because of other prominent factors, the above two characteristics were inherent in the Indonesian political and the general electoral systems. Both systems stress the prominence of organizations (i.e., political

parties or Golkar) over that of the candidates themselves in the declaration of individual candidacies, in the electoral campaign and in the post-election period.

He added that those who played a role in the general elections and were elected to office were party symbols. He said that there was no direct communications between the voter and election winners except through the political parties and Golkar. Because the role of political organizations is thus so decisive, various elements prefer to look after their own interests themselves.

To remedy these conditions, Frans Seda's concept would be to first examine the reality of the situation at the present time, and change, for example, the number of political organizations from three to five, that is, one Golkar, two national parties and two religious parties and amend at the same time the district system for general elections. "But unquestionably, these are matters to be considered after the elections of 1982," he added.

Seda expressed the view that it would be preferable not to conduct any screening of candidates except to determine if they fulfill the conditions set down by general election laws. This, he said, should be done by the general election board itself because the political parties and Golkar should be considered mature enough to do their own screening.

Since there are three political organizations, it is not inconceivable that there be three candidates for president. The president of Indonesia is not just a symbol, he is the head of government. Because of this, political organizations have to be given the chance to express a party platform that they present in the general elections. This platform should be personified in a presidential candidate who is identified with that party's program.

However, if the MPR (People's Deliberative Council) in its autonomous deliberations and consultations, selects one sole presidential candidate, it would be preferable if the balloting in the election were done secretly rather than having the president selected by acclamation. If the voting is conducted by acclamation 100 percent, there will develop a rapid tendency toward arrogance in the use of the powers of office. On the other hand, if a candidate in the material sense is only supported by 51 or 60 percent of the voters, he will conduct himself more discreetly.

Drs Arbi Sanit expressed the opinion that the old standards that held groups together should be eliminated and that new interpretations of ideology should be adopted, consistent with the questions that are to be encountered now or in the future. This, he said, is the best way to overcome the problem of factionalism in the political parties. "If this is not done, it will be difficult to achieve full unity as is sought by a fusion of parties. Unity is not an easy matter to accomplish and will take time," he said.

"And if this political unity does not come about," he added, the ultimate result will be a rejection by the people of those former values on which they based their political behavior. Drs Arbi said that studying party coalitions disclosed that what is happening at present is only a structural change which has not yet progressed to a change in values.

He said that party confusion has arisen around the submission of candidate lists based on former values. Although the party leadership has argued that this turmoil is a matter of the allocation of legislative seats, in actuality people see the granting of "political perquisites" as the principal problem, as certain elements want more of these perquisites than others.

9464

CSO: 4213/12

MARITIME NEGOTIATIONS WITH MALAYSIA

Jakarta KOMPAS in Indonesian 12 Oct 81 pp 1, 9

[Article: "Comment by Foreign Minister Mochtar: 'Maritime Negotiations Between Indonesia and Malaysia Not Yet Finished'"]

[Text] "The talks haven't failed, nor are they finished," commented Foreign Minister Mochtar Kusumaatmadja on Sunday, in reference to the negotiations between Indonesia and Malaysia in Kuala Lumpur concerning implementation of the bilateral "Memorandum of Understanding" of 1978.

"The negotiations in Kuala Lumpur were not intended as the final word and they will be carried on to discuss the many problems that they encompass," said Mochtar.

In the memorandum mentioned above, Malaysia officially recognized the archipelagic concept to which Indonesia adheres. Indonesia, on the other hand, agreed to negotiate various problems of access and communication by Malaysian civil and military vessels and aircraft transiting the area between West (peninsular) Malaysia and East Malaysia in northern Borneo. These problems of access and communication arose in connection with the formulation of the archipelagic concept which touches upon the totality of communication between East and West Malaysia.

In addition to the problem of access mentioned above, matters concerning "search and rescue," traditional fishing on the high seas, the correct maintenance and upholding of maritime law, undersea cables and pipelines and oceanographic research will be discussed.

The negotiations will be continued to formulate a draft maritime agreement between Indonesia and Malaysia. The Indonesian delegation is led by Zakar Arifin SH, the Director of International Agreements in the foreign ministry. The Malaysian delegation is headed by Dr Zakaria bin Mohd Yatim, the Solicitor General of Malaysia. Further negotiations will be held in Jakarta.

According to a foreign ministry source, the negotiations will be complex and prolonged because many problems must be resolved. In addition to this, the source stated that the provisions of the draft agreement would later have to be acceptable "not only to the respective governments, but also by the parliaments of both countries who would have to ratify the treaty."

The source said that, for example, the Malaysians wanted the right to conduct military exercises with third countries in the territorial waters and airspace encompassed by the archipelagic concept as they had done traditionally since the independence of Malaysia under the provisions of the "Five Power Defence Arrangement" (Malaysia, Singapore, United Kingdom, Australia and New Zealand). "Indonesia finds this difficult to accept, especially if later the DPR (parliament) has to ratify it," the source stated.

Concerning bilateral military exercises between Indonesia and Malaysia in the area encompassed by the archipelagic concept, the source added that such maneuvers could be made the subject of a separate treaty apart from the draft agreement that was presently being negotiated. "Its basis would be a joint pact and it would not only be Malaysia's rights that would be regulated by such a treaty," he said.

Concerning "hot pursuit," Indonesia's position basically is that it is in favor of reaching agreement on this problem. However, this matter is not addressed in the draft agreement under negotiation. According to the foreign ministry source, pursuit is a matter of law and order, of suppressing criminal acts and of upholding the sovereignty of the two states involved. "The matter of chasing border-crossers must be on a reciprocal basis, while the right and obligations that arise from it can be negotiated by themselves when territorial boundaries have been fixed.

9464

CSO: 4213/12

BRIEFS

GIFTS FROM BULGARIA--Phnom Penh, 3 Dec (SPK)--Gifts from Bulgaria were handed over to Kampuchea by Bulgarian Ambassador to the PRK Simeon Dinitrov at a ceremony held in Phnom Penh on Tuesday [1 December]. The gifts included fabrics, electronic goods, school equipment, chemicals for textile factories, medicines and 10 M.T.Z 80 tractors. On this occasion, Yit Kim Seng expressed his thanks to the Bulgarian party, government and people for their assistance to the Kampuchean people. He also highly appreciated the relations of solidarity, friendship and cooperation between Kampuchea and Bulgaria. [Text] [BK060735 Phnom Penh SPK in French 1437 GMT 3 Dec 81]

PERY VENG AID DISTRIBUTION--Phnom Penh, 3 Dec (SPK)--Mrs Phlek Piroun, chairperson of the Kampuchean Red Cross, and Sverre Kilde, representative of the International Red Cross, have attended the distribution of aid goods to the people in the commune of Kampong Ampil, Prey Veng Province, 90 km east of the capital. The people were given clothes, fabrics, medicines and household utensils. [Text] [BK060735 Phnom Penh SPK in French 0400 GMT 3 Dec 81]

TAKEO CONSCRIPTION, AGRICULTURE WORK--Phnom Penh, 8 Dec (SPK)--Youth in Takeo Province has greatly contributed to the national reconstruction and defense movement. Local youths have enthusiastically joined the army and 90 percent of the conscription plan have been fulfilled. In the past rainy season, they planted 467 hectares of rice and 140 hectares of subsidiary food crops, and raised more than 1,000 head of poultry. They have dug 12,932 meters of irrigation canals, repaired 29 dikes and thousands of meters of road. They have also built 7 infirmaries, 12 schools and 230 dwelling houses. The Provincial Youth Association has held 5 political courses for 864 youths from various communes. [Phnom Penh SPK in French 0424 GMT 8 Dec 81]

JWP GREETED--Phnom Penh, 17 Dec (SPK)--On the occasion of the second congress of the Jamaican Workers Party [JWP], Heng Samrin, general secretary of the KPRP Central Committee and chairman of the PRK Council of State, has sent his warm greetings to the JWP. We sincerely admire, General Secretary Heng Samrin said in his message, the JWP's revolutionary struggle against the reactionary power--which is in the service of the U.S. imperialists--for the building of a progressive and prosperous society. We wish the second congress splendid success in contributing to the strengthening of the national liberation movement. May the bonds of fraternal friendship and indestructible solidarity between our two parties develop with every passing day. [Text] [BK180321 Phnom Penh SPK in French 1427 GMT 17 Dec 81]

CHHEP-THALABARIVAT BATTLEFIELD FIGURES--Last November, our comrades in arms on the Chhep-Thalabarivat battlefield killed 354 Vietnamese enemy aggressors and wounded 460 others for a total of 814 casualties. They destroyed 3 vehicles, a C-25 radio, 2 telegraph keys, a 12.7 mm machinegun, a Goryunov, 3 RPD's, 3 bridges totaling 14 meters, an ammunition storehouse, 8 barracks and a quantity of materiel. Our comrades in arms seized 2 B-40's, an M-79, 2 M-72's, 6 AK's, 9 AK clips, 14 B-40 rockets, 820 rounds of AK ammunition, 14 bags of goods and a quantity of materiel. Concerning the production of primitive weapons, our comrades in arms made and planted 113,200 new spikes, dug 325 new punji pitfalls and set up 90 new automatic bows. Long live our valiant army, guerrillas and people on the Chhep-Thalabarivat battlefield! [Text] [BK270827 (Clandestine) Voice of Democratic Kampuchea in Cambodian to Kampuchea 2330 GMT 22 Dec 81]

PURSAT PROVINCE TRANSPORTATION--At present Pursat Province has 43 trucks with a total loading capacity of 187 tons. This year, these trucks transported to the people an approximate amount of 11,100 tons of various kinds of goods, such as rice, salt, fabric and farm tools. Two other passenger buses have also operated since the beginning of the year. [Phnom Penh Domestic Service in Cambodian 0400 GMT 6 Dec 81]

NORTHWESTERN BATTLEFIELD FIGURES--Last November, our comrades in arms on the Sisophon-north of Route 5-Thmar Puok-Phnum Srok-Preah Net Preah battlefield killed 236 Vietnamese enemy aggressors and wounded 271 others for a total of 507 casualties. Among those killed was a company commander. Our comrades in arms destroyed an 82-mm mortar, an RPD, a B-41, 8 B-40's, 22 AK's, 12 trenches, 6 barracks and a quantity of materiel. They seized a quantity of ammunition and materiel. Our comrades in arms destroyed a Vietnamese battalion position and 2 company positions. Concerning the production of primitive weapons, our comrades in arms made and planted 105,200 new spikes, dug 130 new punji pitfalls and set up 100 new automatic bows. Long live our valiant army, guerrillas and people on the Sisophon-north of Route 5-Thmar Puok-Phnum Srok-Preah Net Preah battlefield! [Text] [BK220220 (Clandestine) Voice of Democratic Kampuchea in Cambodian to Kampuchea 2330 GMT 17 Dec 81]

SIEM REAP-ROUTE 6 BATTLE REPORT--Last November, our comrades in arms on the Siem Reap-Route 6 battlefield killed 140 Vietnamese enemy aggressors and wounded 122 others for a total of 262 casualties. Among those killed were a battalion commander, 2 lieutenants, a company commander, a platoon commander and a Vietnamese village chairman. Our comrades in arms destroyed an RPD, 6 B-40's and B-41's, 12 AK's, a C-25 radio, 3 ammunition storehouses, 10 trenches and a quantity of ammunition and materiel. They seized an AK and a quantity of ammunition and materiel. Our comrades in arms liberated 3 positions in Ta Sien, Dambok Khpos villages in Svay Leu District and Choam Village in Sot Nikom District. They smashed 5 interventions by Vietnamese troops--4 at the platoon level and 1 company-sized intervention. They attacked and dispersed a Vietnamese company transport unit. Concerning the production of primitive weapons, our comrades in arms made and planted 155,000 new spikes, dug 90 new punji pitfalls and set up 100 new automatic bows. Long live our valiant army, guerrillas and people on the Siem Reap-Route 6 battlefield! [Text] [BK230328 (Clandestine) Voice of Democratic Kampuchea in Cambodian to Kampuchea 2330 GMT 21 Dec 81]

MESSAGE TO SRV WOMEN--Phnom Penh, 22 Dec (SPK)--On the occasion of the 37th anniversary of the VPA, the Kampuchea Women's Association has sent a message expressing its profound gratitude to Vietnamese mothers and sisters who have encouraged their children and husbands to accomplish their noble international duty in Kampuchea, as well as to Vietnamese combatants for their sacrifices. The message said: The Kampuchean revolution is making progress in all domains. In particular, we, Kampuchean women, have obtained the full rights to be mothers, workers and citizens of an independent, free, and democratic Kampuchea advancing toward socialism. Members of our families who were dispersed under the Pol Pot regime and who have survived the genocide are rejoining their families. Our children joyfully go to school. All this results from the noble spirit of proletarian internationalism and the sacrifices of the Vietnamese mothers and sisters and valiant combatants. Kampuchean women consider these Vietnamese combatants as their own sons and brothers. [Text] [BK280425 Phnom Penh SPK in French 0507 GMT 22 Dec 81]

GUERRILLAS CUT ROUTE 5--On 15 December, our forces attacked and cut 2 portions of Route 5 between Sisophon and Poipet, east of Sala Kraham, on the Route 5 battlefield. The Vietnamese enemies posted near by came to inspect the road. They stepped on our landmines, killing 6 of them and wounding 8 others for a total of 14 casualties. Long live our valiant army, guerrillas and people on the Sisophon-south of Route 5 battlefield! [Text] [BK230323 (Clandestine) Voice of Democratic Kampuchea in Cambodian to Kampuchea 2330 GMT 21 Dec 81]

CENTRAL REGION BATTLE REPORT--Last November our comrades in arms on the central region battlefield killed 38 Vietnamese enemy aggressors, wounded 48 others, destroyed a truck, a B-40, 2 AK's and some war materiel, and seized a quantity of weapons, ammunition and materiel. As part of their efforts to build a primitive weapon system, they made and planted 70,900 new punji stakes, dug 270 new punji pitfalls and set 190 new automatic bows. Long live our valiant army, guerrillas and people of the central region battlefields! [Text] [BK271453 (Clandestine) Voice of Democratic Kampuchea in Cambodian to Kampuchea 2330 GMT 23 Dec 81]

SOUTHWESTERN REGION FIGURES--Last November our comrades in arms on the southwestern region battlefield killed 88 Vietnamese enemy aggressors, wounded 120 others, destroyed 9 trucks, 2 military barracks and some materiel, and seized 600 rounds of AK ammunition, some materiel and 400 meters of telephone cable. As part of their efforts to build a primitive weapon system, they made and planted 98,500 new punji stakes, dug 450 new punji pitfalls and set 300 new automatic bows. Long live our valiant army, guerrillas and combatants of the southwestern region battlefield! [Text] [BK271451 (Clandestine) Voice of Democratic Kampuchean in Cambodian to Kampuchea 2330 GMT 24 Dec 81]

AMBUSH IN KOMPONG THOM--Here is a daily battle report: The Kompong Thom battlefield: On 22 December, our guerrillas ambushed the Vietnamese enemies west of (Ta Khien) Village, Stoung District, killing 3 of them and wounding 7 others for a total of 10 casualties. Our combatants seized an AK and 400 rounds of ammunition. [Excerpt] [BK300700 (Clandestine) Voice of Democratic Kampuchea in Cambodian to Kampuchea 2330 GMT 27 Dec 81]

BRIEFS

AMBASSADOR TO SWEDEN--Vientiane, 7 Dec (KPL)--Palatthana Chounlamani, new ambassador extraordinary and plenipotentiary of Laos to Sweden, last month presented his credentials to the King Carl Gustav. [Text] [Vientiane KPL in English 0913 GMT 7 Dec 81]

VIETNAMESE BOOKS--Vientiane, 10 Dec (KPL)--A handover ceremony of books from the Socialist Republic of Vietnam was held in Vientiane on December 9. The Lao and Vietnamese language books, which the Vietnamese Ministry of Culture presented to the Lao Ministry of Propaganda, Information, Culture and Tourism, are mainly on political philosophy, religion, sociology, linguistics, science, history, literature and general knowledge. Son Khamvanvongsa, deputy minister of propaganda, information, culture and tourism, received the gifts from Bui Van Thang, counselor of the Vietnamese Embassy to Laos. Also present was Trinh Giem, general director of the National Library of Vietnam. [Text] [BK140531 Vientiane KPL in English 0910 GMT 10 Dec 81]

BUDDHIST DELEGATION TO MOSCOW--Vientiane, 10 Dec (KPL)--A delegation of the Lao Unified Buddhist Association led by its present Venerable Thongkhoun Anantasounthon, on December 9, left Vientiane to attend the conference of the executive council of Asian Buddhist Association for Peace, which is scheduled to open from 15 to 16 December in Moscow. Apart from attending this conference, Venerable Thongkhoun Anantasounthon will also lead his delegation to participate in the seminar for peace, which will be held from December 22 to 24 in Sri Lanka. [Text] [BK140531 Vientiane KPL in English 0915 GMT 10 Dec 81]

INDUSTRY MINISTRY'S AWARDS--Vientiane, 14 Dec (KPL)--The Industry and Trade Ministry, on December 12, held a ceremony to award its best achieved cadres. A ceremony of the same kind was held at the Civil Aviation Department on December 11. Present on the occasion were Lieutenant General Siphon Phalikhan, deputy-minister of national defence and deputy head of the general staff of the Lao People's Liberation Army [PLA] and Major General Khongsai, deputy head of the political department of the LPLA. [Text] [Vientiane KPL in English 0903 GMT 14 Dec 81]

DELEGATION RETURNS FROM VIETNAM--Vientiane, 14 Dec (KPL)--A delegation of the publishing house led by Ounheuan Phounsavat, deputy minister of propaganda, information, culture and tourism, on December 12, arrived here from Vietnam. Ounheuan Phounsavat led his delegation to prepare the conference on 1982

cooperation in printing, publishing and book distribution between the three Indochinese countries and the Soviet Union. The conference is scheduled to be held in Hanoi soon. Meeting the delegation at the airport were Son Khamvanvongsa, deputy minister of propaganda, information, culture and tourism, and But Van Thanh, charge d'affaires A.I. of the Vietnamese Embassy. [Text] [Vientiane KPL in English 0906 GMT 14 Dec 81]

SOVIET HANDICRAFT EXHIBITION--Vientiane, 15 Dec (KPL)--The Propaganda, Information, Culture and Tourism Ministry in cooperation with the Soviet Embassy, on December 14, held here an exhibition of 19th century and contemporary Soviet handicraft articles. Present at the inauguration ceremony were Kou Souvannankethi, minister of justice, Ounheuan Phounsavat, deputy minister of propaganda, information, culture and tourism, and other high ranking officials. Soviet Ambassador V.F. Sobtchenko and diplomatic envoys of the socialist countries were also present. [Text] [Vientiane KPL in English 0915 GMT 15 Dec 81]

GYP SUM EXPLOITATION MEMORANDUM WITH SRV--Vientiane, 15 Dec (KPL)--A memorandum on cooperation in gypsum exploitation in the southern Savannakhet Province was signed here on December 14 between Laos and Vietnam. Signing the memorandum were, on the Lao side, Bounkeut Khamphaphongphan, deputy minister of industry and trade; on the Vietnamese side, Yu Quy, deputy-minister of construction. Present on the signing ceremony were Maisouk Saisompheng, minister of industry and trade, and But Van Thanh, charge d'affaires A.I. of the Vietnamese Embassy to Laos. [Text] [Vientiane KPL in English 0912 GMT 15 Dec 81]

VIETNAMESE SAW MILL EQUIPMENT--Vientiane, 15 Dec (KPL)--Saw mill equipment worth 25,000 dong (Vietnamese currency) was presented to the Saravane saw mill on December 10 by Quang Nam-danang Province of the Socialist Republic of Vietnam. The saw mill manager of Saravan Province, Li, on this occasion expressed his thanks to the Vietnamese officials representing Quang Nam-danang Province, and wished for further cooperation between the two sister provinces. The aid included spare parts and other sawing instruments. [Text] [Vientiane KPL in English 0917 GMT 15 Dec 81]

EDUCATION PROTOCOL WITH MPR--Vientiane, 15 Dec (KPL)--Laos and Mongolia, on December 14, signed here a protocol on educational degree homologation. Signing the document were, on the Lao side, Outtama Chounlamani, deputy-minister of education, sports and religious affairs, and the Mongolian side, Jambyn Nyamaa, Mongolian ambassador to Laos. A toast to the strengthening of educational cooperations between Laos and Mongolia was proposed. [Text] [Vientiane KPL in English 0910 GMT 15 Dec 81]

BELGIAN MEDICAL AID--Vientiane, 15 Dec (KPL)--About U.S. \$61,000 worth of medical aid from B.A.S.E. organization of Belgium was handed over to the Lao Ministry of Public Health on December 14. Vannalet Latsapho, deputy minister of public health, on this occasion, expressed his appreciation to the secretary general of the said organization, Mrs Rogeman, who presented the aid. The aid consisted of vitamin B-12, hypodermic needles and other medicines. [Text] [Vientiane KPL in English 0914 GMT 15 Dec 81]

AWARDS FOR WOMEN'S UNION CADRES--Vientiane, 16 Dec (KPL)--The Central Committee of the Lao Patriotic Women's Association [LPWA], on December 12, held here a ceremony to award its cadres for their best achievements in the socialist safeguard and construction in the past 5 years. Present on this occasion were Sisavat Keobounphan, member of the secretariat of the party CC, minister of interior, and head of the general staff of the Lao People's Liberation Army; Mme Khampheng Boupha, alternate member of the party CC, president of the LPWA CC; Mme Khamsouk Vongvichit, vice president of the LPWA CC and Bouavan, committee member of the Order Awarding Institute. [Vientiane KPL in English 0911 GMT 16 Dec 81]

BULGARIAN AMITY GROUP'S DEPARTURE--On the evening of 9 December, the delegation of the Bulgaria-Laos Friendship Association led by Tenu Petrov, vice president of the association, left Vientiane for home after ending a 2-week friendship visit to Laos. During its visit to Laos, the delegation participated in the 1,300th founding anniversary of Bulgaria and the celebration of the 90th anniversary of the national day of the Bulgarian People's Republic, the 12th congress of the Bulgarian Communist Party and the 70th birthday anniversary of Comrade Todor Zhivkov organized by the Lao Committee for Celebration of the Founding Anniversary of the Bulgarian People's Republic. Kham-ouan Boupha, vice minister of agriculture, forestry and irrigation and vice president of the Laos-Bulgaria Friendship Association, and Bulgarian Ambassador Zhecho Radunov were at the airport to see the delegation off. [BK170249 Vientiane Domestic Service in Lao 0000 GMT 11 Dec 81]

SRV PROVINCIAL DELEGATION--On 3 December, the delegations of Thanh Hoa and Son La Provinces in the SRV paid a visit to the Army Cultural Training School in Viangsaï District. The officers in charge of the school led by Lt Col Maising Misai, secretary of the party committee of the school, welcomed the delegations at a reception. The delegations also visited various historical caves which were used as residences of Lao leaders in the past. [BK170249 Vientiane Domestic Service in Lao 0400 GMT 11 Dec 81]

SPC MEMBER DIES--The standing committee of the Supreme People's Council [SPC] and the Vanthanouvong family and relatives wish to announce with sorrow that Chan Pao Vanthanouvong, 76-year-old member of the SPC, died of old age at 1600 on 21 December. A cremation ceremony will be organized at the Nimit Temple or That Foun Temple on Friday, 25 December, at 1430. [Text] [BK230246 Vientiane Domestic Service in Lao 0000 GMT 23 Dec 81]

CSO: 4206/19

BRIEFS

JAPANESE AID--Tokyo, 25 Nov (KYODO)--The Japanese Government has decided to extend a grant-in-aid totaling yen 2.7 billion (dollar 13 million) to Nepal to help that country improve agricultural production, the Foreign Ministry announced Wednesday. Diplomatic notes covering the aid were signed at Katmandu Wednesday by officials of the two governments. Meanwhile, the Japanese Government has also decided to extend a yen 200 million (dollar 0.9 million) grant-in-aid to the Democratic Republic of Sao Tome and Principe to help that nation maintain road conditions in the island state, the announcement said. Diplomatic notes to this effect were signed at Libreville, Gabon, Wednesday by officials of the two governments. [OW291413 Tokyo KYODO in English 1145 GMT 25 Nov 81]

CSO: 4220/172

EDITORIAL URGES A SENSIBLE GOVERNMENT APPROACH TO DENATIONALIZATION

Islamabad THE MUSLIM in English 10 Dec 81 p 4

[Editorial: "What Price Disinvestment?"]

[Text]

IF THE Government has decided in principle to denationalise most of the taken-over industries, the entrepreneurs are not willing to buy them at the price at which they are being offered. Hence the official decision in principle to denationalise the industries taken long before the World Bank and the International Monetary Fund came on the scene has made little headway. The Government wants to shed many of the taken-over industries not because it is in love with the 'sanctity' of the private enterprise or the virtues of the market economy but simply because too many of them have been losing money in real terms and there is hardly any prospect of a distinct improvement in the near future. Finance Minister Ghulam Ishaq Khan says that not one of the Corporations in the public sector is now losing money, while some units under them are. But in these inflationary times it is easy to make book adjustments, revalue the assets and stores and declare a profit and pay modest dividends. This may be a safe tactic but cannot become a permanent policy.

The Government does not want to dole out the industries "at throwaway prices", says the Minister for Production, Lt. Gen. Saeed Qadir. The country does not want him to do that either nor can the entrepreneurs expect such handouts from the Government. But if the Government wants the buyers to take them at the replacement cost or the market value they are not ready. And if the buyers want the industries at the break-up value of each unit—that is minus the losses suffered and unsupported liabilities—the Government is not agreeable. It is for such reasons that the Sind Government could make no headway in its efforts to sell two of the sugar mills it had set up because the gap between the demanded and offered prices was too large. But there is validity in the argument of the prospective buyers of taken-over industries that they should be sold on the same basis on which they were taken from them—on break-up or intrinsic value. That would mean the Government sustaining very heavy losses, and paying the investment and commercial banks very large sums as repayment of their loans. Hence the Government is not prepared for the sale.

What, then, is going to be done with such industries? While the banks are pressing for the repayment of the old loans and reluctant to give fresh credit to them, they have had very little of development and modernisation. What would happen if, after some time, their machinery becomes obsolete or uneconomic? We certainly would not want the sick mills in the public sector to match the sick mills in the private sector, although their sickness may be for diametrically opposite reasons. It is vitally important that these ailing industries with large bank loans as their crutches should not become larger liabilities to the State. Nor should they grind to a halt and become unproductive while the interest dues on their large loans accumulate. The reluctance of the Government and the banks to take a firm decision on a Karachi hotel has in four years made the interest become equal to almost the loans of Rs. 170 million. This pattern should not be allowed to continue.

If the industries are sold off, the buyers would come up with the request for large bank loans to buy them. They are not going to invest all of their money into the deal. How far will the Government go in this regard? They may want to retrench a good part of the staff of such companies as well. The entrepreneurs also want a new labour policy that allows them to fire workers instead of the current one that has been under examination during the last four years. Will the Government oblige them with such a policy, and, if so, up to what extent? These are vital questions on which the Government has to take flexible decisions instead of periodically reaffirming its decision to denationalise most of the taken-over industries. Let the debate, and decisions following from it be precise. Above all, let the Government be clear about the cost of transferring these industries or retaining them in the present static conditions. No less important, what will the Government do with the money obtained by selling these industries? The problem in Pakistan is not merely selling some ailing public sector industries but also increasing investment and productive capacity. Will it reinvest all such funds or will they be so small as to hardly matter in the overall investment context? Whatever the position, it is time clear and firm decisions were taken, and the industrial drift not allowed to undermine the nationalised banking sector.

CSO: 4220/179

FEDERAL ADVISORY COUNCIL FOR NATION DISCUSSED

Lahore CHATAN in Urdu 23 Nov 81 pp 37-38

[Article by Tajammul Hussain: "Directives of the President of Pakistan"; "Who Has Control Over Highest Authority in Pakistan"; "Some People in Spite of Professing To Be Muslims, Express Ideas Contradictory to Islamic Ideologies"]

[Text] General Mohammad Ziaul Haq, president of Pakistan stayed in Lahore for 3 days last week. The activities seen during this period prove that he devoted his fullest attention to dispel the common complaints that he does not have any communication with the people. He had come to Lahore to strengthen the ties with the public at large, not alone but together with the prudent ministers of his federal cabinet. The president held a series of meetings with the governor of Punjab and other government officers on matters relating to Punjab, some important decisions were held in the greater interest of Pakistan, some important decisions too were made details of which have been made public. We believe that these discussions were held in the greater interest of Pakistan and that the situation will improve further by implementing decisions taken in these meetings.

The president also addressed a press conference on the last day of his stay in Lahore. We have learned most of the directives of the president through this press conference. The views expressed by the president while speaking with journalists, in reply to their questions or otherwise, are worthy of appreciation in every respect. During this press conference the president, addressing himself specially to the journalists, asked them to write in accordance with the dictates of their conscience. It was sometime back that we stopped indulging in this pious work. We were writing not according to the dictates of our conscience but to please the board of censors. But now, after the president's advice, we feel we should once again return to our position and, in the light of our respected president's latest directives, should express our thoughts courageously.

The president said at the outset that the question of holding elections in this country is out of question. From this it becomes apparent that there is no possibility for allowing and starting political activities because the concept of election is linked with the restoration of politics. Without indulging in a debate over this matter, let us accept the fact that the circumstances are not yet favorable.

The president's thoughts, directives and sayings are such that there is no room for disagreeing with them. But now the question is that the president wants to

hand over authority to the representatives of the people. The president would like to harmonize the country with its fundamental ideologies. The president similarly wishes to provide this country with an Islamic system of life and would like to see democracy and equality, as dictated by Islam, flourish in this country. The president would like to root out the defects prevailing in the system of justice. We have full confidence in the goodness of his intentions and respect the sincerity of his determination.

We also agree 100 percent that the impressions of wrongdoings of the past political regimes over the hearts and minds of politicians are so deep that it is not possible to expect positive results by granting them permission to carry on political activities and entrusting them with the security of the country. The best thing would be not to allow political jugglers to attain their objectives by performing in front of the public until the situation returns to normal. What course of action should then be adopted for the security and stability of this country? We assume that for this purpose you, Mr President, are at present engaged in trying to find out a method to deal with the situation by forming a Federal Council. As stated by you, this council will not be a substitute for an elected body, but it could in accordance with the principles of Islam, prove to be a means of holding consultations with the scholars and intellectuals. We do not question that supposition. Pakistan, because of internal and external situations, is at present passing through a period that it can neither be left alone nor at the mercy of politicians. It now appears that the formation of a Federal Council has assumed the proportion of a national and international obligation. Therefore, it is of utmost importance that the Council be formed. But then a thought comes to mind. In a country where bodies made up of elected representatives of the people could not be of any avail in maintaining the stability of the country and looking after the well-being of the people, how can this body of appointed people remedy our misfortunes. If in the past the public has been electing the wrong persons, the public is responsible for it. The people have paid dearly for their wrong-doings and they will never forget this bitter experience. But now the people simply have no voice in choosing those who are being selected for the Federal Council. Directly or indirectly, you (the president) will be solely responsible, or else the responsibility will lie on the shoulders of the masterminds in your cabinet whose views or recommendations you will accept. Under these circumstances, we believe that the appointments of suitable and capable individuals for the Federal Council from various walks of life is a very difficult task, because in the days to come this will entail consequences of far-reaching importance for the nation. If the Federal Council, from the point of view of its composition or moral achievements, happens to be such that it assists you in filling up every vacuum in Pakistan, then we would consider ourselves extremely fortunate.

During the president's recent stay in Lahore, at one time it appeared that he was on the verge of announcing the names of the Federal Council. Most people have made this possibility of glad tidings a kind of table talk. But it was good that the president explained the situation and said that the list was ready but that it required some final finishing touches for which he will have to consult his ministers and governors. This reveals that the president is fully aware of the fundamental delicacy pertaining to the organization of the Federal Council and that he has to take each and every step with utmost care. As a result

of such elaborate procedure, he wants to bring more and more capable people to the fore. In this connection we would like to submit, Mr President, that for the Federal Council, it is important for you to identify the people behind the faces and that you should not rely upon the recommendations of your governors and ministers alone, because your governors and ministers are not angels. They too are capable of making mistakes. In this way the least carelessness or oversight can cause damage to an organization expected to be of great stature. We do not say that all the people recommended by your governors and ministers will be controversial or questionable, but it is quite possible that they may think highly of some persons who do not have the capability of performing their duties. That is why this phase is such that you will have to depend on your own wisdom and foresight.

Under the present circumstances, the biggest objective you should have is to see that no person having ideas contrary to Islamic ideologies is allowed to come forward. But the situation here is such that there are some people who in their hearts do not want Islamic administration, nor do they want the domination of the people. Such people have camouflaged themselves in such a way that they appear to be madly in love not only with people and Pakistan but also with Islam. But if you look closer, you will find idols under their sleeves and in their hearts and brains; you will find nothing but disgust for Islam and Pakistan. Under cover of their attire they have very cleverly concealed their real identity. No section of life is free from such people. They are present in abundance in circles where political and national leaders are to be found. Next in line come the educational institutions, which have become headquarters for left wing faithfuls. News media is another such field. Here too they have encamped themselves for quite some time. Circles of intellectuals and scholars too deserve attention, where a large number of guardians of red dawn pay lip service to Islam and democracy. The task of selecting members for the Federal Council thus is full of hazards, something like walking on the edge of a sword. We hope the president will not overlook these facts.

9315

CSO: 4203/25

U.S. CONTINUES INTERFERENCE IN MIDDLE EAST WITH MILITARY EXERCISES

Rawalpindi TAMEER in Urdu 3 Nov 81 p 2

[Text] President Reagan said that if the United States wants to retain a position of trust and influence in the Middle East, then approval by the Senate of the sale of radar planes to Saudi Arabia is crucial. Answering questions from reporters, he said that the United States will not let Saudi Arabia become another Iran. He said that if the government had taken proper measures, the fall of the shah could have been averted. He blamed the former U.S. administration for not fully supporting the shah and for giving him the wrong directives. President Reagan said that if we support Israel and other allies in the Middle East, such a situation will not arise again. But if we take a defeatist posture and begin to flinch and say, "We do not know what is happening in the Middle East, or what the state of affairs is in Egypt, and it is better that we remain detached," then we will pave the way for revolution there.

President Reagan's statement indicates that he has not learned any lesson from the events in Vietnam and Iran. It is a fact that neither American weapons worth billions of dollars nor American advisers permanently stationed in Iran could save the shah from the wrath of the people, nor could they help establish American influence in Iran.

Egypt, where Anwar al-Sadat was assassinated, is also a glaring example of the failures of American policy. Yet the United States is struggling to maintain its influence there.

According to reports from Washington, following the death of President Sadat the United States ordered its naval fleet, as well as its nuclear-powered aircraft carrier Nimitz, to rendezvous near the Egyptian coast. Similarly, the Naval Rapid Deployment Force was also ordered to remain in "alert" condition.

Preparations are being made to land expeditionary forces in Egypt, Oman and Somalia. Some B-52 bombers, stationed at American bases have also been readied to bomb parts of Egypt.

According to the American weekly BUSINESS WEEK, the Reagan administration has begun preparations for war in the East because it fears that it may have to wage a war for the protection of its influence, which it has established with great difficulty.

To hide all these military preparations, blame is attached to Libya as being a threat to its neighbors. But in reality, it is the United States that intends to take military action against Libya. This has also been reported by NEWSWEEK. NEWSWEEK says that the United States intends to carry out such a military action against Libya at the time of joint military exercises with Egypt and Sudan. During these exercises, the United States plans to attack Libyan territory from the Egypt-Libyan border. Revealing condemnable U.S. determination, the American secretary of state very boldly announced that the United States will continue to play its role in the Middle East and will not tolerate any changes in the countries of the region that may be harmful to Washington. Such statements by American leaders reveal that the United States is determined to interfere in the Middle East.

U.S. interference in the affairs of the sovereign countries of the Middle East is a source of anxiety for its NATO allies. The British newspaper GUARDIAN says that since the United States is still pursuing the policies it was at the time of the Vietnam war, it is certain that the consequences will not be wholesome. The FINANCIAL TIMES of London has warned American politicians that their feverish military activities in the Middle East will create an internal restlessness of the kind that led to the demise of the shah of Iran's rule.

9859

CSO: 4203/16

HOPE FOR POLITICAL PARTIES ROUNDTABLE EXPRESSED

Karachi DAWN in English 5 Jan 82 p 12

[Text]

LAHORE, Jan. 4. The President of the defunct Muslim League, Mir of Pagara expressed the hope that in the changed political context all the parties would get together to ponder over the issues facing the country.

Talking informally to the newsmen, he made a pointed reference to the formation of Majlis-i-Shoora in which, according to him, various members of the parties had been nominated against the wishes of these organisations and added that these steps by the Government had paved way for a roundtable conference of all the political parties irrespective of their shade of opinion.

In actual practice the Government was "assisting" the parties to get together, he added.

Referring to the decision of the members of his party to accept nomination to the Federal Council, he said he personally had not opposed the idea of the Leaguers' inclusion in the Council. The Muslim Leaguers like Khwaja Mohammad Safdar, had themselves said that since they were opposed to joining the Cabinet itself they could never favour the proposal for joining the Council which was nothing but a corollary of the Cabinet.

Mir Sahib had a dig at those who had agreed to be nominated in Majlis-i-Shoora asserting that they were the representatives of the bureaucracy and not those of the people. Their status was that of a Government employee, rather than that of a political representative.

Answering a question, he said the people did not take any notice of the family line — they took cognizance of the services rendered by a person.

He said that during his recent meeting with the President at Islamabad the President had not made any offer of Ministries to him. The President had of course asked him to permit some Muslim Leaguers to accept nomination on the Majlis-i-Shoora but his response was that such people would be expelled from the party.

Answering another question, he said that those who had accepted nomination would stand automatically expelled from the offices after taking the oath but the Working Committee would consider as to whether or not their primary membership should be suspended.

He said the offices rendered vacant by the expulsion of office bearers would be filled in a democratic manner and the party would get new blood which it needed badly.

EDITORIAL NOTE ON CENSORSHIP OF COLUMN PUBLISHED

Lahore CHATAN in Urdu 23 Nov 81 p 17

[Editorial by Mohammad Saeed Azhar: "News and Views"]

[Text] These pages are allocated for the column entitled "News and Views" of Mohammad Saeed Azhar, a columnist of CHATAN. Though the column is hardly a week old, having been started only last week, it became a victim of censorship. As the saying goes, "Our wings were clipped even before we could fly." There was nothing secret or dangerous in the column, but that is a different matter. Due to this state of affairs, the pages were left vacant, and in view of the time constraints, we had to print a selection from Agha Shorish Kashmiri's book "Maut Se Wapasi" ["Return From Death"].

Editor.

9315

CSO: 4203/25

EDITORIAL ON GAS PIPELINE FOR QUETTA

Quetta BALUCHISTAN TIMES in English 8 Dec 81 p 3

[Editorial: "Sui Gas for Quetta"]

[Text] A Provincial Govt's Spokesman at a radio news conference recently in Quetta, inter alia, said that Rs 75 crore was being spent on laying, of about 200 miles long pipeline, from Sui to Quetta so as to provide gas facilities to the area. Provision of Sui Gas to Quetta and other regions of the province is the acute necessity and as a matter of fact should have been provided long ago. Unfortunately, however, in the past proper attention was not paid towards accomplishing this vitally, paramount task. However, it is appreciable matter that measures are under way to bring this most useful and essential thing to the provincial metropolis. Of course, laying of pipeline from the Sui Gasfields to Quetta is a gigantic, laborious, arduous and intricate assignment but is certainly not an insurmountable or impossible task. No doubt, the pipeline would have to be pierced through rocky terrains and high hills and involves, besides hardships, huge expenditure but these problems should pose no hinderance in completing this task because making the Sui gas available to the people of Quetta as well as other areas of the province is more important than money or any other exigency.

We have been pleading through these columns that Sui gas must reach Quetta and other cities of the province on expeditious basis and pipeline must be laid to meet this important objective. We feel delighted to find that our efforts towards this direction have not gone in vain because this year pipeline of 120 mile length is being laid of which ninety mile long pipeline has been procured from West Germany while orders have been placed for the remaining 30 mile long pipeline to be manufactured within the country. This entire project, as disclosed by Mr. Ata Mohammad Jafar, is expected to be completed by December next year when the cherished desire of the people which is rather an important necessity, would be fulfilled in that the gas would then be pumped direct from Sui to Quetta. That would bring a happy change in the provincial metropolis. The people of Quetta are currently experiencing a lot of difficulties and financial hardships in connection meeting their domestic fuel requirements and in getting energy to the desired extent for running industries. The prices of fuel wood and charcoal are staggering high. A common man have to meet its fuel requirement by facing great financial stresses and stringencies. The weather conditions in Quetta, demand heating arrangements in residential houses as well as business centres. The climate become very cumbersome and harsh during winter season when Quetta becomes extremely chilly and heating arrangement everywhere become the dire necessity. The start of supply of

natural gas to Quetta would change the situation in a positive manner. Utilisation of gas for domestic, industrial as well as commercial purposes would relieve the people of their great hardships and financial stringencies. In fact, like other parts of the country, Quetta and other regions of this province should get benefit from the natural gas resources of the country. We hope that everything would go smoothly and task of laying pipelines for Sui gas supply to Quetta would be completed within the stipulated period and gas would definitely start reaching the provincial metropolis from December next year. The work relating to provision of gas already been delayed for quite a long time and now no laxity should be demonstrated in connection with accomplishing this assignment within the specified period.

CSO: 4220/179

EDITORIAL DECRIES NEW TRENDS IN JOURNALISM

Peshawar KHYBER MAIL in English 11 Dec 81 p 3

[Editorial: "Dangerous Trends"]

[Text] It is becoming more and more of a fashion among national newspapers to pick out articles from foreign newspapers and plant them in their own inner pages, lock, stock and barrel. Often enough, the subject matter of the articles is immaterial and may as well be very much against the interests of the country or its national objectives. We are not aware whether there is some kind of arrangement with the newspapers from which such writings are taken, or it is just a matter of honorary obligation. Formerly, credit was given in a last line to the Fleet Street mighty, the Guardian, as a sort of "Service," but lately have been added considerable commentative coverage from the Indian newspapers as well. If these papers have permitted the Pakistani press to use their material on payment of nominal charges, one has to wonder why should they do so. The obvious explanation can be that they wish to extend the

scope of their readership or propaganda. There has to be some utility in that angle, and those who see only the soft petals of the flowery exterior, are unmindful of the barbs that may be concealed underneath. The other day, we found an Islamabad contemporary from India, eulogising the Nehru family, past and present, as any Indian would do. But, just when Pakistan is facing a propaganda barrage from India verging on a war-hysteria, is it relevant to wax eloquent on the virtues of those who have ever been pathologically inimical to this country? The article was not representative of the broader Indian public opinion which may have been taken to inform Pakistanis of the general viewpoint held in that country. Mrs. Indira Gandhi has a very powerful opposition and her administration is actually facing stresses in many parts which actually threaten the country's integrity.

What about the low-caste Hindus, the Assamese, the Nagas, the separatist Sikhs, the Communists of Bengal and DMK of Madras and Kerala. Even the Indian President said something the other day about greater autonomy to states without which India may break up into pieces. If the newspapers or the censors passing the articles fit for publication in Pakistan think them as friendly and cooperative moves, we are sure they know very little of Hindu mentality, which is always likely to look upto friendliness as subservience.

We suspect, however, that motivations are not to be sought and found about the impact these articles might have on the new generation of readers who know near to nothing about the character of the Hindu

who is just a name to them and nothing more. It is only to save a little of the expenses which might be incurred in paying for material specially written

for them from the Pakistani point of view, the cost of editing it and, in some cases when direct films have been made from the originals, that of composing as well.

Original writers have always received a raw deal from the newspapers, so much so that in Pakistan there is nothing like freelance journalism unless one counts those who either are made enough to pursue their vocation even if they live on starvation point, or have other axes in the fire and exploit the medium of writing only to have their names acquire a greater punch for scholarship. We know at least a score of such journalists who have gone two score or even more years in the pursuit of their profession and now all their experience has come to naught, for the little or no respect given to them by the press to their mature views. The national media, by publishing foreign reprints, actually cock a snook at them. In fact that is one reason why Pakistan has not been able to produce any newsmen who might have an international recognition, as against India whose writers often hold a foreign audience for their bold and sound views on strategic and regional matters. It is true that in Pakistan, hopeless of being entertained by the national press, some of the maturer journalists give up keeping abreast of events and depending more on their domestic or home politics for

their sustenance, with their children alone as their crops of age. The Pakistani press, with few honourable exceptions has now been reduced to the position of an ordinary industry, like any other, with the sole objective of providing the largest slices of profits to the owners. The ancient traditions of a "Comrade," or a "Zamindar," or 'Anjam' are no longer there, with their Editors blooming into national leaders for the sacrifices they made to the cause of journalism and its devotion to the national cause. Many a charlatan plies his trade on the basis of pure business, since anything else fails to pay even a moiety of his daily bread, and often has side-businesses to sustain him in a position of wealthy self-respect. In Rawalpindi/ Islamabad, we know of some who have wagons plying between the twin cities contributing their might to the indiscipline which has become the traditional hallmark of our public traffic. This is not a good portent to the promotion of positive nationalistic psychology among the people, the evil effects would only come to light when the country is suddenly faced with a crisis. Hammed in as we are now from either side, such a situation is not far!

LEADER SUGGESTS CARETAKER GOVERNMENT

Karachi DAWN in English 5 Jan 82 p 5

[Text]

Sardar Sherbas Khan Mazari, chief of the defunct National Democratic Party (NDP), has described the formation of the Federal Council (Majlis-i-Shoora) as a retrograde step, and suggested a care-taker government to prepare for general election.

In an interview to "Dawn," he said he did not believe that the constitution of the Federal Council was indicative of a desire on the part of the present regime "to part with power".

Mr Mazari described as "fallacious" the argument that owing to the emergency situation the time was not propitious for the holding of a general election, and pointed out that in Iran, Bangladesh and Egypt the people's verdict was obtained in the face of acute internal difficulties.

Replying to a question, he said the agreement entered into with the US and any possible detente with India would be subject to ratification by the future elected Parliament.

To Mr. Mazari the only course available in the supreme national interest today was the "handing over of power" to the Chief Justice, of Supreme Court and the simultaneous formation of a care-taker government with a pre-determined 90 days' schedule to hold general election for an elected Parliament.

The care-taker government, he stressed, should be composed of persons who would be required to give an undertaking not to seek election for a period of five years.

U.S. PURSUES ANTI-ARAB POLICY IN MIDDLE EAST

Rawalpindi TAMEER in Urdu 29 Oct 81 p 3

[Text] The committees on foreign relations of the U.S. House of Representatives and Senate have announced their decision against the sale of AWACS planes and weapons [to Saudi Arabia]. The cost of the proposed equipment is reported to be around \$85 billion. Commenting on this, a French newspaper asked whether this should be taken as a defeat of President Reagan in the Congress, because the President had given wide publicity to this program. If that is not the case, then has a new thinking process begun in Washington?

It needs to be remembered here that from the very beginning, the Israeli Government and powerful groups in Congress were against this agreement.

That quarter raised questions about the uncertainty over how these weapons would be used in the future. Opposition to the agreement between the United States and Saudi Arabia was further intensified in the aftermath of an agreement for defense cooperation signed last month by President Reagan and the Israeli prime minister. In this connection, it was claimed that since Israel had offered its land for the use of the U.S. Rapid Deployment Force, and is also willing to store its weapons, ammunition and fuel, it can also participate in American military actions in the Middle East. Thus, in the U.S. military strategy for the Middle East, the importance of the Arab countries is reduced to zero.

Now Washington intends to pursue a policy under which the United States can supply weapons to the Arab countries but does not have permission to station American forces on their land. The United States has stationed two AWACS planes in Egypt under the pretext of the Libyan threat. It has also announced that it intends to engage in joint military exercises with 44,000 of its own troops with those of Egypt, Sudan, Somalia and Oman.

It is the view of Western newspapers that Washington has devised a plan involving Egypt and Sudan in a quarrel with Libya, the purpose of which is to increase its own influence and limit any political maneuver by Egypt's new president. Thus, it is deepening the gulf of disagreement between Egypt and its neighbors. Every action by the United States in the Middle East is very dangerous and can be a cause of further tension and deterioration of the situation there.

U.S. MOUNTS CAMPAIGN AGAINST LIBYA IN MIDDLE EAST PLOT

Rawalpindi TAMEER in Urdu 31 Oct 81 p 2

[Text] The official news agency of Libya recently reported that American radar planes that had been sent to Egypt are within the range of Libyan missiles. If they entered Libyan air space, they would not be able to escape. As may be recalled, the United States had sent two AWACS planes to Egypt after the assassination of President Sadat. They currently fly on the western border of Egypt touching Libya. The Libyan news agency said that the pressure represented by these radar planes in Egypt is not only a part of the plan of attack on Libya but a precursor of American designs to occupy Sudan, Somalia and Oman.

It needs to be pointed out here that for some time now the United States has been conducting a treacherous campaign against Libya. It regards Libya, so to speak, as persona non grata. This is the very reason why world opinion regards impending joint military exercises by the United States and Egypt, in which there is a likelihood of participation by Sudan, Oman and Somalia, as part of a campaign against Libya. It is the view of political commentators that in this show of force on the Libyan border there are possibilities for the Israeli Air Force to join in. According to a U.S.-Israeli agreement of cooperation signed during Prime Minister Begin's visit to Washington, the Israeli Air Force can cooperate with the U.S. Sixth Fleet stationed in the Mediterranean. The fact that B-52's armed with bombs will participate in these exercises causes concern to the Arab world over the impending danger.

A high-ranking official of the State Department has confirmed that these "exercises can be called a preparation for the attack on Libya." This reveals the fact that [the United States] can find a pretext to attack Libya. A review of the situation leaves the feeling that the Reagan administration, by taking advantage of President Sadat's death, wants to increase its presence in the Middle East. The purpose of creating tension around Libya and blaming it for interference in the internal matters of Egypt and Sudan is to establish a climate congenial to that purpose--a climate that could justify aggression against Libya.

In fact, the campaign against Libya is beginning to take the form of political and psychological warfare, which is the beginning of aggression. It appears that the CIA specialists, who are expert in international conflagrations, are thinking about yet another border clash with Libya. They are, in other words, planning to do away with the government of a Middle Eastern country that may oppose their policies.

It is evident from the steps taken by the Reagan administration that it wants to turn the situation in the Middle East in its favor. In this connection, it hopes to increase the dependence of Egypt. Second, Washington, by including Sudan, Oman and Somalia, wants to create a political and military bloc. Third, the United States, by ending the government of Mu'amm~~ar~~ al-Qadhafi in Libya, wants to kill two birds with one stone. Thus, it wants to destroy the forces of national liberation and force the moderate Arabs to adopt the Camp David line. Today, Washington is in search of those military alliances that it could not effect through the Camp David agreement. Still this U.S. step, too, as usual, will come to nought, and its policy of force will be defeated.

9859

CSO: 4203/16

MINISTER CLARIFIES LAND REFORMS AMENDMENT

Karachi DAWN in English 5 Jan 82 p 1

[Text] ISLAMABAD, Jan. 4. Admiral M. Fazl Janjua, Federal Minister for Food and Agriculture, said here today that the recent Government amending ordinance in respect of land reforms, was not designed to undo the land reforms carried out under the relevant law. The amendment sought to remove ambiguity in respect of livestock farms and make the provision precise.

In an special interview the Minister said the amendment would enable the Provincial Governments to lease out state land unfit for normal agricultural purposes, to be developed into livestock farms, the need for which was obvious in view of six per cent annual rise in beef and mutton consumption in Pakistan. (In cities consumption rose by 24 per cent). Efforts to develop livestock under public sector had failed and private enterprises had hitherto been unable to play its role in establishing livestock industry on modern lines.

The Minister said that the private enterprises would have to guarantee a minimum production level from the leased farm land to assure the Government that the land would be put only to specific purpose to meet the rising demand for meat and dairy products in the country. He said 50 per cent of the produce of such livestock farms would be allowed to be exported. He pointed out that market for their produce existed in Middle East and European Economic Community. The present indications are that the beef potential

could be increased by 500,000 metric tons over the present level of one million metric tons.

He further said such ventures, would naturally require large-scale investments and development of own water resources and feed for the cattle. He was confident that the climate existed for investment in livestock industry by Pakistani enterprise on its own or by way of joint ventures with partners from the Gulf states.

He said for export purposes, disease free zones for livestock would have to be established. Pakistan had large quantity of crop residue and industrial by-products which could be processed into very nutritious feed for the cattle so that the quality of export beef and meat could be ensured. Such zones would also

provide health and veterinary cover for the livestock and promote their breeding on scientific lines.

Another advantage of development of livestock industry would be that it would lead to development of hide and skin industry in the country, Admiral Janjua said.

It is understood that the Sind Government has already earmarked about 45,000 acres of range land for leasing out to private entrepreneurs in livestock industry. The minimum acreage for a farmland has been placed at 200, at the rate of two and a half acre per cattle head or 25 sheep. The livestock farm land might go upto one lakh acres in Sind. So far six entrepreneurs have been given permission to establish livestock farms in Sind.

In Punjab, it is estimated, two lakh acres are available for

leasing out to private parties wishing to establish livestock farms in the province. The amendment is expected to provide encouragement to similar ventures in other provinces as well.

RAIN IMPROVES CROP PROSPECTS

Karachi DAWN in English 5 Jan 82 p 12

[Text]

ISLAMABAD, Jan. 4: The prolonged dry spell which threatened to damage substantially the prospects of winter wheat crop in the barani area of Punjab and Sind, was broken today when it rained and drizzled intermittently for the most part of the day. Rains were said to be widespread.

Admiral M. Fazil Janjua, Federal Food and Agriculture Minister, said today although there had been five per cent loss sowing in barani area because of the continued dry spell, it was expected that the rains at this stage would prevent further loss to the yield expected from both irrigated and barani land.

Expressing gratitude to the Almighty for rains, Admiral Janjua said, showers would help germination, eliminate the advent of white ant menace and promote tilling. The food minister was however, confident that with the availability of estimated 1.5 million tons food security reserve by May next, it would not be necessary to import food grains. He asked the farmers to put more fertilisers at this stage to achieve maximum produce.

It is however, feared that there may be some shortfall in the anticipated growth of 8.2 per cent this year over the last year wheat yield of 11.4 million tons. Crops on barani lands contribute 12 per cent to the total agricultural produce. Pakistan's level of consumption at present stands around 10.5 million tons as against 10.24 last year.

Experts hope that the present wet spell will last for most part

of January when it is badly needed for the crops and then in March. Future timely rains may help recover part of the lost yield.

EDITORIAL SAYS TURN INDIA-PAKISTAN 'LOVE' INTO FRIENDSHIP

Islamabad THE MUSLIM in English 9 Dec 81 p 4

[Editorial: "Turning Love Into Friendship"]

[Text]

'OUR LOVE could not somehow develop into friendship', James Thurber once wrote and thus describes to a nicety the relationship that has existed between India and Pakistan these 34 years and more. Every Indian apparently loves Pakistan and every Pakistani adores every Indian. Yet the two countries have gone to war and made each other's life miserable. Who has made whose life more miserable is not for us to say. Ambassador Natwar Singh minds such things very much and he represents a powerful country and the powerful are always right until they come to grief like all powerful people and countries always do. Power blinds and absolute power blinds absolutely. Hence Vietnam. Hence Korea. Hence Afghanistan. Hence Kashmir. Hence the lowly level of the Indo-Pakistan debate on the no-war pact issue. The best thing under the circumstances would perhaps be to try and desist from apportioning blame. Why write patriotic editorials and prejudiced columns on either side of the border? It would not be a bad idea if editors all over the world decided to black out Messrs Haig, Gromyko, Rao and Shahi for a period of time. How about a month, to begin with? The gentlemen concerned won't (we are sure) like it very much but it will do the world a world of good. On the contrary, denied access to radio, television and the Press, they might do something irredeemably desperate. One doesn't really know unless one tries. So maybe ours isn't such a brilliant idea, after all.

To return to Indo-Pakistan relations. We think the opening of trade links in the public sector (on barter) would not hurt either economy. And, it should be a gradual rather than a tempestuous affair. Let there be a quantum fixed. The two Commerce Ministries should decide on a five-year graded plan with a 10 per cent increase every year over 1981-82. In the industrial sector, joint ventures are necessary but they should be of a nature that gives this country some opportunity to sell to India goods that are produced as a result of such joint projects. There could then be an exchange of students.

India offers cheaper and sometimes even better research facilities in fields that much more relevant to the Pakistan economy than are available elsewhere. In the sporting arena, mutual exchanges should not be restricted to hockey and cricket. Nevertheless in cricket, we would like—now that Sri Lanka has become a full member of the ICC—the institution of a triangular tournament. There is provision for all this and more in the Simla Agreement but no one ever talks of Simla now. The contradictions that exist in our societies are coming to a head. No one in South Asia should have time for anything except the redressal of centuries-old inequalities. Great changes are afoot; great changes are needed but so is great vision needed, vision that small people lack on either side.

BRIEFS

TRAFFIC POLICE IN COUNTRY TO BE REORGANISED—Islamabad, Dec. 28: The entire existing setup of Traffic Police is to be recognised in order to minimise fatal road accidents. This was disclosed by the Inspector-General Highway Safety, Mr. M. Y. Orakzai, in an exclusive interview with DAWN. President Muhammad Zia-ul-Haq, he said, has recently given special instructions in this regard. Traffic Police will be given more power to deal with drivers responsible for accidents on the spot, without waiting for the area police station, as happened in the past, the IG said. The present Traffic Police will also be strengthened by increasing the number of contingents and giving them six months' special training and latest electronic equipment. The Government, he said, is also actively considering to separate the functioning of Traffic Police from the other police wings, besides, a detailed programme about the grading of roads and vehicles has also been favoured by the Government according to which vehicles of lower grade will not be permitted to ply on the better grade roads. A new Ordinance concerning highway safety, currently under consideration of a six-member committee, headed by the Governor of Sind, Lt.-Gen. S. M. Abbasi, is also in its final stages. To a question the IG replied that the new Ordinance would suggest several positive measures, including enhancement of punishment for offenders, more insurance facilities for the family of victims of road accidents and a maximum of 60 km speed instead of 30 kms. [Text] [Mujtaba Akhtar] [Karachi DAWN in English 29 Dec 81 p 1]

STUDENTS CLASH IN JAIL—Eleven students of the University of Karachi and NED Engineering University belonging to rival groups and lodged in central jail clashed in jail at about 10.30 a.m. on Saturday, informed sources told PPI. Sources said no one was injured in the clash and the jail staff transferred them to separate rooms. The students had been remanded to judicial custody by the local courts.--PPI. [Text] [Karachi DAWN in English 5 Jan 82 p 1]

CSO: 4220/181

BRIEFS

COCONUT POLICY--President Marcos said there will be no changes in the present policy on coconuts. In an interview with newsmen, the president said he is not inclined this year to alter any of the policy unless for an urgent reason. He said he wants to give the present short-range policy a chance so that farmers' coconut products can be bought. The chief executive explained that if the government keeps on changing the short-range program and policy, the farmers will not be able to sell their products and everybody will be taking advantage of the change of policies. [Text] [HK180115 Manila Domestic Service in English 0100 GMT 18 Dec 81]

RIFLE-GRENADES PRODUCTION--The defense establishment is now mass-producing rifle-grenades. Armed forces Chief of Staff Fabian Ver said the production of rifle-grenades is a big boost to the government's self-reliance defense program. General Ver said the locally-manufactured weapon has been extensively tested in the field by the armed forces of the Philippines for 1 year now. He added several countries have shown keen interest in buying the local rifle grenade. [Text] [HK190313 Manila Domestic Service in English 0300 GMT 19 Dec 81]

CENTRAL BANK WARNING--The Central Bank yesterday warned overseas workers and their dependents against tapping unauthorized foreign currency traders when sending their remittances, especially this Christmas season. Central Bank Governor Jaime Laya issued the warning since government agents uncovered a network of dollar salters buying foreign currencies from overseas workers. In a simultaneous raid Thursday on two places in metro Manila, Laya said government agents arrested 4 persons and confiscated various documents of foreign exchange transactions, foreign currencies amounting to 262,000 pesos, and Philippine pesos worth \$394,984. Also confiscated by the government traders were thousands of index cards of local beneficiaries of Filipino workers abroad, information cards of remitters of foreign exchange, booklets purporting to be Central Bank receipts, books of transactions with daily exchange rates, and various folders containing telexes on foreign exchange transactions. [Text] [HK200048 Manila Far East Broadcasting Company in English 2330 GMT 19 Dec 81]

LOG EXPORT BAN LIFTED--A limited exportation of logs will be permitted until April 1982. President Marcos has temporarily lifted the log export ban, on the recommendation of Natural Resources Minister Teodoro Pena. Pena said that the ban, which was imposed last December 4, works to the disadvantage of logging companies which had made earlier commitments abroad. Also, several logging

firms in Mindanao were delayed in sending their logs abroad because of flood-damaged roads and bridges. Pena said the firms have been urged to recover their losses. [Text] [HK210033 Manila Domestic Service in English 2300 GMT 20 Dec 81]

WORLD MUSLIM LEAGUE SUPPORT--President Marcos yesterday received further support for his policy of peace and reconciliation in the south. The support was extended this time by the World Muslim League, based in Saudi Arabia. The league's deputy secretary-general, the Sheik (Ali Mohamad Muktar), conveyed this position of his organization toward the president's program in the southern Philippines. The sheik assured the president that the teachings of Islam do not allow it to impose solutions to any problem or interfere in the internal affairs of other nations, but to exhaust all means and ways to achieve peace. As response, President Marcos said that with the feeling of support of the league and Saudi Arabia, the government is strengthened in its resolve to pursue its policy of bringing peace in the south. The president said that most of the Muslim rebels have returned to normal life, and some have been appointed to responsible positions in government. Sheik (Muktar) arrived here Friday on the invitation of the president for the leaders of the league to visit the Philippines. [Text] [HK210052 Manila Far East Broadcasting Company in English 2330 GMT 20 Dec 81]

ECONOMIC PROSPECTS VIEWED--Prime Minister Cesar Virata expects industrialized nations to come out of their recession by summer or spring next year. When that happens, the Philippine economy will benefit along with it, and the country's growth rate may exceed the 5 percent growth expected next year. The government intends to give priority next year to agriculture, the infrastructure, and construction. [Text] [HK220155 Manila Domestic Service in English 2300 GMT 21 Dec 81]

TWO-YEAR BUDGET ATTEMPTED--The government will attempt a 2-year budget program starting next year. Prime Minister Cesar Virata battled for the move yesterday during the last meeting of the cabinet for 1981. In that cabinet meeting, President Marcos saw the national budget of 72 billion pesos for next year. In response, the cabinet called along ministers and government agencies to submit their budget proposals by next February. Virata said this will enable the cabinet to prepare the budget bill by the time the Batasan opens session in July. For the first time in 1982, the 2-year budget preparation approach will be put into practice. In this way the 1983 budget will be the guide for the formulation of the 1984 budget. Prime Minister Virata cited some factors that will have a direct bearing on the preparation of the 1983 budget. These are: the expected completion of the government revamp by next month; the supreme court decision on the constitutional [word indistinct] and the judicial reorganization; the changes in retirement plans, since retirement benefits cover a substantial portion of expenditures; and the continuing review of government programs designed to streamline operations and promote savings. [Excerpts] [HK230206 Manila Domestic Service in English 2300 GMT 22 Dec 81]

KUWAITI LOAN--The Kuwait Fund for Arab Economic Development will grant the Philippines additional loans to finance its expanded energy program. Energy Minister Geronimo Velasco said the Kuwait Government has expressed satisfaction with the disbursements of a \$12 (billion) dollar loan granted earlier to the Philippines. The loan was financed by the National Power Corporation's electrification projects in Mindanao. [Text] [HK230145 Manila Far East Broadcasting Company in English 2330 GMT 22 Dec 81]

MIDDLE EAST JOBS SOUGHT--The Labor Ministry is implementing a move next year to get more contract jobs for Filipinos in the Middle East. The move will be jointly undertaken by the Ministries of Labor, Trade, and Public Works and Highways. Blas Ople said the Philippines is already assured of job placements in Iraq for 5,000 Filipino nurses and 2,000 heavy truck drivers. He said the move will help solve the country's unemployment problem. [Text] [HK240123 Manila Domestic Service in English 2300 GMT 23 Dec 81]

POLICE, MILITARY NON-INTERVENTION--Defense Minister Juan Ponce Enrile ordered police and military authorities yesterday not to intervene in labor strikes. He said, soldiers and policemen can intervene only when violence erupted or if there is a threat to life and property. The defense minister gave the order yesterday during a dialogue between defense officials and labor leaders at Camp Aguinaldo. At the same time, the minister asked the labor sector to draft guidelines for the cooperation of the military and police authorities with labor in assuring peaceful picketing during strikes. A memorandum of agreement will be drafted after the guidelines are drawn. [Text] [HK240111 Manila Far East Broadcasting Company in English 2330 GMT 23 Dec 81]

TWO BUREAUS CREATED--President Marcos has created two bureaus in the Ministry of Muslim Affairs. These are the Muslim Economic Affairs Bureau and the Muslim Cultural Affairs Bureau. The president said the creation of these bureaus will intensify efforts to promote the economic and cultural objectives of the people in Mindanao. [Text] [HK240125 Manila Far East Broadcasting Company in English 2330 GMT 23 Dec 81]

TRAINING FOR MILITARY RESERVES--Military reserves in 45 vital utility installations are now undergoing a massive training program to ensure the continued operation of these firms in case of sabotage or labor disputes. Brigadier-General (Edon Young) of the army reserve command said, the reservists will be called upon to operate these utility installations in case of any emergency. He said however that the massive training of these reservists does not mean a military invasion of these public utilities. He said they are merely being prepared to take over in the event that their services are needed, so that the operation of these vital public utilities will not be hampered. [Text] [HK240458 Manila Domestic Service in English 0400 GMT 24 Dec 81]

COLLECTIVE WAGE BARGAINING--The National Wages Council says that since the lifting of martial law and the enactment of bill No 130, lifting the ban on strikes, the country has entered an era of collective bargaining. National Wages Council Director (Francieta Tomas) made this clarification of the government's plan to stop making laws increasing living allowances of workers next year. She said the government's role in a system of collective bargaining is only to set the minimum standard and to allow management and labor to negotiate any benefits above the minimum. She said however that the government reserves the right and the authority to increase wages, including allowances, in case there is an urgent need of it. She said the principal reason for allowing management and labor to negotiate between themselves is to minimize the area of dispute and confrontation. [Text] [HK280718 Manila Domestic Service in English 0700 GMT 28 Dec 81]

ENERGY PROSPECTS--Energy Minister Geronimo Velasco says he does not expect a price increase in oil this year. The energy official based this assessment on assurances made by the Organization of Petroleum-Exporting Countries, or OPEC. Meanwhile, Velasco says he is optimistic that there will be new indigenous sources of energy available. He said that the country is on its way toward a 50 percent energy self-reliance target by 1986. He added that by this year 31 percent of the country's energy power will come from indigenous sources. The minister also said the country will be reducing its oil stockpile from 115 days to 110 days this year. He said there is no longer a need to keep a high inventory of crude oil, since its price has more or less stabilized. Also, he said, the stockpile reduction will mean a savings of some 300 million pesos for the government. [Text] [HK020432 Manila Domestic Service in English 0400 GMT 2 Jan 82]

CSO: 4220/169

MINISTER DISCUSSES ENERGY PLANS, RESOURCES

BK300820 Bangkok Domestic Service in Thai 1300 GMT 28 Dec 81

[Excerpts] At 1500 today Science, Technology and Energy Minister Thinnakon Phankrawi, Sa-nga Sappasi, the ministry's undersecretary, National Energy Authority Secretary General Prawit Ruyaphon and other officials concerned gave a joint press statement on the country's energy plan.

They said during the fifth national economic and social development plan, which covers 1982-86, the target is to reduce the increase in energy consumption to 4.8 percent from the current 6 percent increase. The dependence on petroleum from the current 75 percent of the overall energy consumption will be reduced to 46 percent. This will be achieved through the development of small hydro-electric projects. There are currently 25 such projects, mostly located in the northern region. Four more of similar projects are under construction.

Three lignite deposits are being developed in Lampang and Lamphun Provinces. The lignite reserves in these deposits total some 78 million tons. A research project is underway to produce synthetic coal. Heavy industries, particularly cement and cast iron plants, will be encouraged to use coal.

An oil shale reserve has been discovered in Mae Sot District, Tak Province. However, the oil content of this oil shale only amounts to 5 percent by weight, which is not commercially feasible for production.

As for development of alternative energy sources, 32 model biogas pits have been constructed, as well as 500 other pits which received promotion assistance from the ministry. Larger pits are in the experimental stages. Biogas pits currently contribute to the conservation of 300,000 liters of crude oil.

To assist the government's rural development policy, some 295 electric water pumping stations have been in operation to date, irrigating some 900,000 rai of farmland. The farmland irrigated by water from electric pumping stations will double in 1986.

International organizations' assistance to Thailand's energy programs has amounted to some 600 million baht, including the establishment of the National Energy Data Center in order to carry out the effective conservation of energy consumption. The National Energy Authority will attempt to conserve 20 percent of the energy consumption in the industrial sector. It will formulate a national energy master plan in April 1982.

CSO: 4207/41

THAILAND

THAI OFFICIAL SPEAKS ON INFLATION

BK260950 Bangkok Domestic Service in Thai 1300 GMT 24 Dec 81

[Text] Since the devaluation of the baht 4 months ago, the cost of living in Thailand has increased only 2.8 percent, according to Deputy Finance Minister Phaichit Uathawikun. He was answering an urgent motion submitted by Gen Kriangsk Chamanan, MP of Roi-et Province, at the parliament today. Phaichit said:

[Begin recording] During the first half of this year, the inflation rate was very high. Following the baht devaluation, the cost of living rose only 2.8 percent compared with 4.1 percent during the corresponding period of last year from August to November. In other words, the rise in the cost of living during the 4-month period following the baht devaluation was about 31.7 percent less than last year. I wish to inform you that so far we have not faced any adverse consequence as earlier feared. Second, by the end of this year the government's foreign debts total \$4,541.7 million. However, all of them are long-term debts which we will have to pay back within the next 30 or 40 years. Nobody knows the baht value that far ahead. The additional expenditure resulting from the baht devaluation will amount to 626 million baht in 1982 fiscal year.

As for the oil fund, which was earlier explained by the finance minister, I would like to point out that the real problem which we face is the original debt totalling over 3.3 billion baht. This is a heavy burden for us. The new 800 or 900 million baht debts would not be any problem if we did not have the original debts. It is not fair to attribute this problem solely to the baht devaluation. I would also like to clarify the report which quoted me as saying that there would be no oil price increase. You honorable members of parliament will recall that I have never said on radio or television that there is no need to increase oil prices. I told the economic commission that I cannot guarantee that there would be no oil price increase this year. [End recording]

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